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Ignoring Copyright Pact, China Reopens Factories That Pirated U.S. CDs

By Richard Covington
Special to the Herald Tribune

HONG KONG — In a move that threatens the provisional truce between China and the United States over intellectual property rights, the Chinese government has allowed all but one of the seven compact disc factories it closed for piracy violations to reopen.

China's decision alarmed U.S. trade negotiators and manufacturers, who said the reopenings would undermine an agreement by Beijing to stop the counterfeiting of American audiovisual and computer products.

The agreement was reached in February just before U.S. sanctions on more than \$1 billion in Chinese-made imports were to take effect. It induced Washington to soften its opposition to China's entry into the new World Trade Organization, but U.S. officials want to see other Chinese trade barriers dropped before they agree to support Beijing's membership.

The plant reopenings "would suggest the agreement is having severe testing problems," said an aide to a European trade official in Brussels. "It was an ambitious agreement to begin with, so we have reserved our judgment on whether the Chinese can succeed in putting it into effect."

Officials at the office of the U.S. trade representative, Mickey Kantor, said Thursday in Washington that they had learned only this week that the factories had reopened. "We are still studying the matter to formulate a response," said Deborah Lehr, deputy assistant U.S. trade representative for China.

The reopenings were disclosed in an interview with an officer of an international record industry monitoring agency and were confirmed by a Chinese government official.

The Chinese-American agreement called on Beijing to inspect over three months every one of the compact disc and laser disc factories in China, and to destroy pirated goods and the equipment used to produce them.

The Chinese signed the pact under intense pressure by Washington and the threat of trade sanctions. Officials swiftly closed 7 of 29 factories that copied and distributed pirated computer software and audio and video compact discs as a demonstration of their intentions to crack down on the multimillion-dollar industry.

Giow Chian Ju, regional director of the International Federation of the Phonographic Industry, a watchdog agency that represents more than 1,000 record companies worldwide, denounced the reopening of the factories.

"The recording industry alone has lost \$300 million in the piracy of audio CDs and music videos in China," Mr. Giow said in an interview here. "If we let the government stop its actions to quash the pirate factories, they will return immediately."

Paul Ewing, vice president and regional director for southeast Asia for Warner Music International, reacted angrily to the reopenings. "We have been very disappointed in the Chinese actions to suppress piracy so far," he said, "and this just further confirms our fears."

A report on China's compliance with the February agreement is to be released by the U.S. trade representative in July. If Beijing is found to have breached the pact, Washington might renew its threats of sanctions.

Gao Ling Han, deputy director of the copyright department for China's National Copyright Administration, one of the

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KASHMIR CONFLICT — A woman arguing with policemen Thursday in Srinagar as they stopped her and others from marching toward a group of UN military observers. The Indian authorities have imposed a curfew on the city.

Paris and U.K. Push Backup Unit for UN In Bosnia

Serbs' Leader Threatens 'Slaughter' if Captives Are Liberated by Force

By William Drozdiak
Washington Post Service

PARIS — France and Britain stepped up preparations Thursday for a new rapid reaction force in Bosnia to help reinforce and protect UN peacekeepers even as new questions arose over the feasibility of its mission and whether it might plunge Western nations deeper into the Balkan quagmire.

As rebel Bosnian Serbs continued to hold 370 United Nations peacekeepers hostage, the French and British governments appealed to other allies, including the United States, to pledge troops and weaponry to the planned 5,000-man contingent. French officials say the contingent will be authorized to use force to open supply routes and defend strategic sites without having to go through the United Nations' cumbersome chain of command.

The Bosnian Serb leader, Radovan Karadzic, warned Thursday that if major pow-

ers used force to free hundreds of UN hostages under Serb detention, their action would result in "slaughter," Reuters reported.

"Any attempt to liberate them by force would end in catastrophe," Mr. Karadzic said in an interview on Bosnian Serb television in Pale, outside Sarajevo. "It would be a slaughter."

President Jacques Chirac of France, in his first public comments on the Bosnian crisis since the hostages were seized after Western air strikes last week, said he would use all means necessary to maintain France's military presence in Bosnia because Europe's security was at stake.

France maintains about 4,000 troops in Bosnia, the largest national contingent among the United Nations' 22,000-man force. More than half of the hostages are French.

"France will no longer tolerate its soldiers being humiliated, wounded or killed with impunity by those who have chosen to oppose their mission of peace and protecting civilians," Mr. Chirac said at the funeral ceremony of two slain French peacekeepers in the western town of Vannes.

His remarks were the first public affirmation that Mr. Chirac has decided to sustain France's peacekeeping force in Bosnia, despite repeated warnings by Prime Minister Alain Juppé that the deteriorating situation on the ground could compel France to remove its troops.

Senior French officials said that Mr. Chirac has given tough new orders to French commanders in Bosnia to show firmness against any transgressions by the

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EU Heads Boldly Into a High-Stakes Debate on Expanding Eastward

By Tom Bierkle
International Herald Tribune

BRUSSELS — The European Union is heading for another long, bruising battle over its future, only this time the stakes have never been greater and the differences between EU members have rarely been wider.

The objective goal is to spread the peace and prosperity that Western Europe has achieved through 40 years of ever-closer cooperation to the formerly Communist countries of Eastern Europe.

But the risk is that without a fundamental over-

haul of objectives and operating procedures as the Union expands to perhaps 27 members from 15, Europe's effectiveness today in dealing with the war in the former Yugoslavia and monetary turmoil could deteriorate into paralysis and regional fractures tomorrow.

"This is an enormous challenge that is entirely different from anything we have done before," said Niels Erbskov, former secretary-general of the EU Council of Ministers and Denmark's representative to a reflection group that will suggest reform options for an EU intergovernmental conference next year.

The conference, he said in an interview, "is an exercise in guaranteeing the cohesion of the European Union."

Seeking inspiration for the task, EU foreign ministers and the reflection group were to begin preparations for the 1996 conference at a meeting Friday in the Sicilian port of Messina, where representatives of Germany, France, Italy and the Benelux countries laid the basis for the Union's founding Treaty of Rome 40 years earlier.

The divisive debate over the Maastricht Treaty on European Union, concluded just 18 months ago, has failed to ease the strain between skeptics and proponents of deeper integration.

Laying down Britain's marker in a House of Commons debate in March, Prime Minister John Major vowed to resist efforts to dilute national veto power and extend the use of majority voting in EU deci-

sions, and pledged to keep defense matters strictly in national capitals. The Union, he contended, was "bound to be more flexible and less prescriptive" as its membership nearly doubles.

In Bonn, meanwhile, Chancellor Helmut Kohl's government is preparing proposals for extending majority voting into foreign policy matters and insisting that Germany achieve greater political cooperation in Europe in exchange for its pledge to abandon the Deutsche mark for a single currency.

"What we don't want is a deluxe free-trade zone," Mr. Kohl said recently.

That gulf has led many officials to predict that the

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World Bank's New Leader Is Ready to Hit the Road

By Clay Chandler
Washington Post Service

WASHINGTON — Even as James D. Wolfensohn settled into his new office atop the headquarters of the World Bank he was making plans to leave it.

In his first interview since President Bill Clinton named him to succeed the late Lewis T. Preston as the ninth president of the giant global lender, Mr. Wolfensohn vowed to spend the next six months traveling throughout the developing world to see the bank's operations from the ground up.

"It is crucial that I get my own view of what the World Bank does," said Mr. Wolfensohn, who moved into his job Thursday. He leaves for a 10-day tour of Africa June 15 and will visit Latin America in mid-July.

"I'm not just making these state visits," exchanging niceties with leaders, he said. Instead, he plans to visit bank-funded infrastructure projects and meet local officials and representatives from environmental and other nongovernment organizations.

"I'll be walking the streets, smelling it myself," he said. "I can't get that from listening to commentary in Washington."

As president of the bank, which has about 6,000 employees and \$130 billion in total assets, he faces management challenges far more complex than any he may

have confronted as the Kennedy Center's chairman or on Wall Street.

The end of the Cold War, the global ascendance of capitalism and the sudden flood of private capital now available to the world's developing nations have forced World Bank managers and financial officials in its major donor nations to rethink the mission of the 50-year-old institution. The bank's charter restricts it almost entirely to making loans to governments for specific projects.

Many international finance experts argue that the World Bank must define its role more clearly. Some say it should act mainly as a source of aid, channeling wealth from rich nations to poor, while others argue that it should operate more like a bank, working closely to facilitate investment by the private sector and develop export markets for donor nations.

In the interview, Mr. Wolfensohn said that establishing clear priorities for the bank would be his primary contribution as president, but offered few clues about what they would be.

His No. 1 goal as president, he said in response to a question, is the "alleviation of poverty," and in that he was echoing official bank policy and his predecessors.

But he said that achieving that goal could be defined in many forms, including more money for investment in education, health and the environment, loans to help restructure the financial system in Mexico,

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AGENDA

Burundi Capital Torn by Violence

BUJUMBURA, Burundi (AFP) — Witnesses said the death toll in fighting in Bujumbura between Hutu militias and troops of the Tutsi-dominated army rose to at least 11 Thursday, as soldiers sealed off the capital's last two remaining Hutu strongholds.

Later, there were signs the situation was growing calmer after a day of intermittent gunfire that kept many people indoors.

Residents of the two neighborhoods where the shooting started Wednesday morning said that at least four soldiers and seven civilians were dead. The government put the toll at one soldier and two civilians.

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FROM THE HORSE'S MOUTH — President Bill Clinton talking to the press Thursday from horseback during a ride outside Billings, Montana.

Window on Simpson Trial: A Dismissed Juror's Tale

By Lorraine Adams
Washington Post Service

LOS ANGELES — Francine Florio-Buntin is the eighth and most recently dismissed juror in the O.J. Simpson case. She sees herself as an idealist wronged, a fair woman unfairly tainted. But she also tells a story about how the evidence looked from where she sat, on a jury with a culture nuanced with racial tribulation.

Two things are clear to her. She believes Judge Lance A. Ito dismissed her last Thursday, after a star-chamber interrogation, because of false and anonymous accusations that she had contracted to write a book about the trial. And, based on the

evidence presented so far, she believes the prosecution has yet to prove its case.

In an extensive interview earlier this week, Ms. Florio-Buntin provided the first window into the sequestered Simpson jury dismissed in April. Her account raises questions about how Judge Ito is conducting investigations into allegations of juror misconduct; about how the present jury of six black women, two black men, a Hispanic man and woman, and two white women will be able to deliberate; and most important, about whether the prosecution is in serious trouble.

Ms. Florio-Buntin, who is white, has been at the center of allegations of racial

turmoil on the panel. She was one of 13 jurors and alternates who were black in April to protest Judge Ito's dismissal of three sheriff's deputies who had been accused by Ms. Harris of favoring white jurors they were guarding. She herself was accused by Ms. Harris of expressing racial animosity by kicking Ms. Harris and knocking another black juror on the head — allegations Ms. Florio-Buntin strongly denied.

Ms. Florio-Buntin's statements about the case are a particular blow for the prosecution. She says its case is still too circumstantial, despite the introduction of the DNA evidence. The bloody sock and the glove found at the Simpson estate are com-

pelting, she says, but she would need more — a footprint at the scene that was irrefutably Mr. Simpson's, for example.

She does not buy the defense's theory that the police conspired to frame Mr. Simpson for the murders of his former wife and a male friend, but she does have doubts about the blood drops. She says the drops were very small and many were degraded, and they could have been dropped there before the murders. She says that Mr. Simpson's blood found at the murder scene could have been from a time previous to the killings.

She cautions that it is not yet over. "We

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Clinton Bends In Negotiations With Belgrade

By Stephen Engelberg
New York Times Service

WASHINGTON — The Clinton administration has decided to offer new concessions to President Slobodan Milosevic of Serbia, including an indefinite suspension of most of the trade and financial sanctions against Yugoslavia, according to U.S. officials.

The officials said Mr. Milosevic would be asked to grant diplomatic recognition to Bosnia-Herzegovina and denounce the taking of United Nations hostages by Bosnian Serb forces. The hope is that Mr. Milosevic will exert his influence to press for a settlement of the Balkan conflict, which has continued for nearly four years.

Robert Frasure, a deputy assistant secretary of state, met Wednesday in Belgrade with Mr. Milosevic and administration officials said he was instructed to sweeten a previous offer for relaxing the sanctions.

In exchange for Mr. Milosevic's steps toward bringing peace to the Balkans, Mr. Frasure was prepared to make it harder for Western nations to reinstitute the sanctions once they were suspended, a key concern of Mr. Milosevic's.

The economic sanctions, imposed by the United Nations three years ago, have been widely breached by smugglers and neighboring nations. But they have substantially harmed the Yugoslav economy, and are the main remaining leverage the West has in the region.

Last year, as part of a diplomatic bargain with Mr. Milosevic, the United Nations — but not the United States — suspended some of the restrictions, allowing resumption of international flights to Belgrade. Yugoslavia also was allowed to participate again in international sporting and cultural events.

In exchange, Serbia agreed to cut off

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Dow Jones	Trib Index
Up 7.61	Up 0.75%
4472.75	122.51
The Dollar	
Mark	1.4058
DM	1.5977
Pound	84.85
Yen	84.565
FF	4.951

Newsstand Prices	
Andorra	9.00 FF
Antilles	11.20 FF
Cameroon	1.400 CFA
Egypt	5000 P
France	9.00 FF
Gabon	960 CFA
Greece	350 Dr
Italy	2.600 Lire
Ivory Coast	120 CFA
Jordan	1 JD
Lebanon	150 L.L.
Luxembourg	60 L Fr
Morocco	13 Dh
Qatar	11.20 R
Rwanda	500 R
Saudi Arabia	9.00 R
Senegal	960 CFA
Spain	225 PTAS
Tunisia	1.250 Din
Turkey	45.000 L
U.A.E.	6.50 Dirh
U.S. Mkt (Eur)	31.10

Army's Waning Status/No Longer a 'Sacred Cow'

For Israeli Military, a Fading Empire—at Home

By Clyde Haberman
New York Times Service

JERUSALEM — After decades as the country's main unifying force — more than religion, certainly more than politics — the Israeli Army is slowly losing the enormous power it once had to shape this society.

In the past, a shining army career was a sure ticket to later success as a civilian, and failure to serve usually meant a life of dead-end jobs and second-class status. While that can still be the case, the military is far from the ultimate social empire that it once was.

Peace treaties with some Arab countries, the absence of an imminent war threat, relative affluence, a greater emphasis on individual fulfillment and readiness to question venerable institutions — all have combined to alter Israelis' expectations of the military and undermine their once-unshakable conviction that it can do no wrong.

The army's failings, from training accidents to human-rights abuses in the occupied territories, have come under public scrutiny to an extent that would have been unimaginable years ago.

Of course, the military still commands respect, but its word is no longer considered holy writ.

Parents are much quicker now to ask if it can be trusted with their children's lives, or even to give young soldiers enough blankets at night. The Israeli press, less restrained than ever by censors, seems on accidents as symptoms of deteriorating standards.

On the political right, some radicals go so far as to cast the army as the enemy — a tool, they charge, of a government that they also consider an enemy for its willingness to give up territory to the Arabs. It is an accusation of a type not often heard in Israel's 47-year history, and it has raised fears that a consensus against attacking the military so harshly is unraveling.

Such worries aside, however, many specialists applaud the closer scrutiny being given to the army, or the Israel Defense Forces, as it is formally called.

"It's a sign of the country's maturation," said Stuart Cohen of the Bess Center for Strategic Studies at Bar-Ilan University in Tel Aviv. "We're living in a time when old myths are being shattered, and the army is not immune. It is no longer the sacred cow it used to be, when people would say: 'Shush, don't talk about it.'"

Actually, change has been under way for more than 20 years. It began, many say, with the 1973 Arab-Israeli war, when the generals were accused of not being prepared for attacks by Egypt and Syria.

Trust in their judgment was further eroded by the highly disputed invasion of Lebanon in 1982. Then came the Palestinian uprising in 1987, leaving still more scars and ever fewer soldiers eager to serve in the territories.

"The uprising broke the IDF," said Martin van Creveld, a military historian at Israel's Command and General Staff College. "It has not had a good word said about it for the last seven years. It's really down on its face."

TO MANY OTHER experts, his assessment is extreme. Still, some acknowledge that the military, step by step, is becoming "more a profession than a mission," in the words of Moshe Nativ, a retired general who was once in charge of manpower.

If that transformation becomes complete, and the experts say it is unlikely to happen for years if at all, it would be a radical departure from the military's historical role as the country's melting pot.

Israelis have always cherished their army as the great equalizer, a place where national values are instilled in a land of immigrants, a "people's army" that automatically claims almost every man and woman except the



Recruits at basic training for an elite unit. Despite the army's waning influence, such units are attracting Israelis as much as ever.

country's 900,000 Arab citizens and the most rigorously Orthodox Jews.

But in recent years, because of both changing attitudes and tighter budgets, the army has started to drop cultural and educational programs that it once promoted and to focus more on high-tech weapons acquisitions and its main purpose: preparing for possible war.

"What does not shoot must be cut," said Ehud Barak, who retired a few months ago as army chief of staff and who championed the concept of "a smaller and more clever IDF" that leaves nation-building duties to others.

Smaller means that an unofficial form of selective service is already in practice despite the popular myth of near-universal conscription.

Two decades ago, 90 percent or more of eligible men went into the army once they reached the draft age of 18. But a baby boom in the mid-1970s and a more recent wave of immigration from the former Soviet Union have led to an explosion in the number of 18-year-olds. In 1994, there were fully one-third more of them than a decade earlier.

The army simply does not need them all, and so it has become more willing to hand out exemptions. That is true for both sexes. But it is perhaps more significant in the case of men because, unlike women, they are assigned to combat duty and must serve in the reserves well into their 40s.

Although absolute manpower numbers are kept secret, officials say 17 percent of eligible men are now exempted from service for various reasons, including "incompatibility with the military."

They include those who are poorly educated or have emotional problems, as well as some who ask not to serve or admit they are afraid to die. Draft evasion, while still rare, is not as unheard of as it once was.

Beyond that 17 percent, the army says it gives early discharges to 15 percent of the men it does draft. In other words, about one-third of Israeli men do not put in the full three years that in theory is expected of them.

If anything, inequalities are far more glaring on reserve duty, which is the source of another myth: that all men here perform it with gusto. More and more, Israelis complain that the burden is unfairly distributed, with those in combat units forced back into uniform each year for weeks at a stretch while desk jockeys are almost never called up.

"There's a point when you look around and you see how people who are younger and healthier than you are just not going out there," said an Israeli in his early 40s who is often ordered back to combat duty.

"It becomes a problem," he said. "You have your wife and kids. And going into the army that often can seriously impede your life."

Acknowledging the resentments that have built up, the army said in April that it would support a new law to reduce the maximum number of reserve-duty days from 33 a year to 24 and to adjust training schedules to give combat reservists a break.

IN THIS ATMOSPHERE of questioning old ways, some army commanders lament that today's conscripts are less motivated than their elders and less willing to volunteer for combat units.

Lieutenant General Amnon Shahak, the new chief of staff, told legislators in March that he was concerned about an apparent rise in the number of young Israelis who consider military service "inappropriate for them."

The problem, General Shahak said, is "a preference for individualism over the collective in an age of liberalism."

The general had seen surveys by the Israeli Institute for Military Studies, which asked high-school students whether they would go into the army if service was voluntary. In 1982, "yes" answers were given by 94 percent. By 1994, that figure had slipped to 88 percent.

But Dr. Reuven Gal, the institute's director and a former army chief psychologist, does not share General Shahak's worry. One explanation for the decline, he says, is that the idea of Israel's having a volunteer army was more of a far-fetched abstraction in 1982 than it is now.

"It's not that the motivation is lower," said Dr. Gal, who viewed the 88 percent figure as more than high enough. He noted that even with a reported drop in the number of volunteers for combat units, the military has an ample manpower pool.

Besides, he added, studies show that young Israeli men are signing up as much as ever for the paratroopers and other elite units, apparently on the theory that if they must serve, they might as well go with the best.

Still, if hardly near collapse, the army no longer totally commands center stage. Yaron Ezrahi, a political scientist at the

Israel Democracy Institute in Jerusalem, cites a recent Supreme Court decision giving families of dead soldiers the right to their own inscriptions on tombstones. Until then, all epitaphs in military cemeteries had been army-standard.

"The state has lost part of its power to control even the meaning of soldiers' death," Mr. Ezrahi said.

Another measurement is money. Increasingly prosperous and spared a full-fledged war for more than a decade, Israel devotes an ever-shrinking share of its resources to the military. In 1985, military spending accounted for nearly half the government budget, 45.7 percent. The figure for 1994 was 25.4 percent.

The army was once so all-encompassing that Israelis who did not serve found not only that many employers would not hire them but also that they were discriminated against in basic matters. Banks were reluctant to give them mortgages. They even had trouble getting drivers' licenses.

Conversely, high-powered officers found good careers waiting for them in business and politics, and often still do. The fact that Prime Minister Yitzhak Rabin and President Ezer Weizman are both former generals suggests that the uniform has not completely lost its magic.

But change is afoot. For the last year, the government has stopped using military records as a basis for deciding whether people get civil-service jobs. That decision does not involve private business, but the civil service commissioner, Yitzhak Galor, predicts a trickle-down effect.

"For the first time, some sort of separation was made between the qualifications for military service and nonmilitary service," he said. "The military profile is still probably the most important indicator on his résumé, especially for a young man. But it's not as key as it used to be."

Mayor Amram Mitzna of Haifa, who was the army's planning chief until two years ago, agreed. But he said it was much too early to count the army out either as a ticket to success or as a rite of passage for a young nation.

"Once people feel safe and once there are no terror acts, it will be easier to make concessions and ask why we need this kind of a people's army," said the mayor, 50. "But it won't happen in my lifetime."

Turkish Exercises Add to Rift Over Control of Aegean

ANKARA — Turkish forces began two weeks of military exercises around the Aegean Sea on Thursday, just hours after the Greek Parliament ratified an international treaty giving Athens the right to extend its territorial waters.

Turkey has often said that a doubling of the extent of Greek authority in the Aegean to 12 nautical miles would be a cause for hostilities.

Turkey made no immediate official comment on the move by the Greek Parliament, but a Foreign Ministry source sought to play down tensions between the two North Atlantic Treaty Organization allies.

"The exercise is a scheduled one which has been advised to all countries concerned, long before," a Foreign Ministry source said. "There is nothing about it to escalate tension."

Ankara has refused to sign the United Nations Law of the Sea Convention, which it says would turn the Aegean into a Greek lake, choking Turkish access to international waters.

"Ege-95 is a combined land, air and sea exercise to cover international waters and airspace," a Turkish military spokesman said. "It will end on June 15 with a mock landing at the Doganbey area near Izmir."

On June 10, the Turkish Navy is scheduled to begin another exercise, Sea Wolf-95, the military official said.

That maneuver will take place in the Aegean, the Sea of Marmara and the eastern Mediterranean and will last until June 23, he said.

Turkey and Greece have long been at odds over several issues, including rights in the Aegean and the divided island of Cyprus.

In 1987 the two sides nearly went to war over mineral rights in the Aegean.

Greece has not said it will try to enforce the treaty and extend its territorial waters, but it has made it clear that it has the right to do so at any time.

"Greece will exercise its rights whenever its interests dictate," Deputy Foreign Minister George Mangakias told Parliament before the vote. "Turkey's war threats are nothing more than expressions of nervousness over its internal problems."

Western diplomats have said it was unlikely that Greece would actually extend its waters. Prime Minister Andreas Papandreu may simply want to use the threat as a strong negotiating card in talks over Cyprus or other issues with Turkey, they said.

More than 60 countries have ratified the Law of the Sea convention, which was signed by Greece in 1982 but had not been ratified by the 300-member Parliament.

TRAVEL UPDATE

Free Mileage to Join the Free Lunch

CHICAGO (AP) — Budget Rent a Car Corp. has taken the lead in its industry's fight against rising costs by dropping unlimited free mileage on most rentals.

Budget's new policy is the broadest move by any car rental company to eliminate unlimited free mileage, which has been the industry norm since the late 1980s.

Avis Inc. said it plans a similar policy in 21 cities in mid-July, potentially crimping summer vacation driving plans. Hertz Inc. has tried a variety of mileage restrictions in different markets since mid-April.

The Israeli airline El Al has imposed an \$8 security surcharge on all flights, a spokesman for the carrier said. (AFP)

Pilots went on strike Thursday at the Cyprus charter airline Eurocypria, affecting 3,000 vacationers traveling to or from the Mediterranean island. An airline official said 11 flights between Cyprus and Britain, Germany and Scandinavian countries would be canceled Thursday and Friday. (Reuters)

German tourists have gradually resumed visiting Florida, after staying away following a rash of shootings last year. "Florida is attracting German tourists again, and it's not just the weak dollar," said Franz Schöber, chairman of Deutsche Lufthansa's AG's charter subsidiary Condor. "The main factor is that calm has returned to the area." (Reuters)

Scandinavian Airlines System pilots say they will strike for 24 hours Friday, halting non-Nordic flights, and Danish pilots called a second one-day strike for June 9. Norwegian pilots have issued a third strike notice involving all SAS flights as of June 14, and their Swedish and Danish colleagues are expected to follow suit. That strike has no time limit. SAS cabin attendants began a selective strike Wednesday, disrupting routes between Scandinavia and Tokyo, Osaka, Bangkok and Hong Kong. (Reuters)

Alitalia pilots said they would strike Friday to protest a restructuring plan, union officials said in Rome. Previous such actions have caused major disruptions of service. The pilots also plan to strike June 23. (AFP)

A New Era of Train Travel Arrives In Australia on Standardized Rails

The Associated Press

SYDNEY — A new era of cooperation dawned Thursday when a freight train pulled out of the northern Australian city of Brisbane for a seven-day transcontinental trip to the western city of Perth.

Until now, each of Australia's five mainland states operated rail services on tracks of differing widths. With few exceptions, most trains from one state could not run on a neighboring state's tracks.

The states have slowly been laying standard track piece by piece in recent years, and the final section, between Adelaide and Melbourne, has just been finished.

The train, dubbed "One Australia," will make ceremonial stops in Sydney, Melbourne and Adelaide before arriving in Perth on June 7.

Transport Minister Laurie Brereton described the nationwide standard track as the most important achievement in the history of Australian rail. The federal government has identified a uniform rail gauge as a pressing reform needed to boost economic competitiveness. For the same reason, a long list of differing laws and regulations enacted by the states are also being standardized.

The problem of standardizing track widths in Australia dates to the last century when the states were separate British colonies and could not agree on a track width.

Heat Wave Leaves Russians Dreaming of Cold

By Margaret Shapiro
Washington Post Service

MOSCOW — Red as a Russian beet and sweating uncontrollably, Vladimir Guzenko stood grumpily on one of Moscow's busiest streets, a traffic cop in the middle of checking drivers' documents as an unaccustomed blistering heat beat down on him.

"I'll take 30 degrees below over this any time," he huffed, mopping his brow with a rag.

"When it's cold you have energy. Who can live like this?"

This is a city of 9 million people that positively revels in the gloom and cold of a six-month winter, but is woefully unprepared for the sunny, near-90-degree Fahrenheit temperatures (above 32 degrees centigrade) of the past week.

It has broken temperature records, sent residents by the thousands heading for any body of water, from the polluted Moscow River to fountains in parks, and closed the main international airport for a time this week when the runway began to buckle from the heat.

Moscow's brick and block apartment buildings are sturdy equipped for deep freezes. Russian psyches seem to thrive on the long dark nights and frigid, overcast days. People here own all manner of boots, fur hats and long underwear.

But there are probably only a few thousand air-conditioners in the entire metropolis. Many people do not even have fans, so infrequent are truly hot days. In an average summer, daytime temperatures rarely exceed 80 degrees and sweaters can be necessary at night.

So when the sun emerged from hibernation and the mercury began rising two weeks ago, people at first were delighted at the prospect of an early summer. Now, they moan and pant at the unrelenting heat. Even ice cream vendors are complaining, griping that the weather is so hot that few people are strolling outside, and sales have plummeted.

"Horrible!" said Slavitsa Silvanova, 23, as she and a friend slowly ambled through a shady park. "I'm more or less O.K., but my grandmother is really

having a terrible time. She says she can't even breathe."

All around her, on every bench and shady patch, Russian men, women and children had parked themselves in hope of catching a cool breeze. The ground was covered with white fluff, springtime downy seedlings from thousands of poplar trees that look from a distance like snow but did not seem to be making anyone feel cooler.

According to the weather bureau here, the temperature began to rise above the norm when a mass of hot air moved into Russia from the deserts of Kazakhstan in mid-May.

The statistics of the Hydrometric Center, the weather bureau, go back more than 100 years and show an average daytime temperature for May of about 57 degrees. Since May 25, however, the average in Moscow has been more like 75,

Since last Thursday, the mercury has hovered close to 90 degrees, shattering records for high temperature and duration.

The center reported Wednesday afternoon that a 104-year record for longest heat wave in the Moscow region had been broken. And officials said it was unlikely to end very soon.

That was bad news as far as Natasha Kulkova, 29, was concerned. She gave birth to a baby boy a few weeks ago and has been sweating with him — day and night — inside her apartment, which faces south and gets sun all day long.

"My son is really suffering with this, so I go outside on the street as much as I can, hoping to get a breeze," she said. "This kind of weather is very strange for us. Is it better than rain all the time? I guess so." She didn't seem convinced.

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THE AMERICAS

Dole Sharpens Assault on Hollywood

By Bernard Weinraub
New York Times Service

LOS ANGELES — In his quest to gather support from conservative Republicans for his presidential bid, Senator Bob Dole has made a withering attack on the entertainment industry for, he said, producing a barrage of movies and records that are slandering the social fabric of the nation.

"We have reached the point where our popular culture threatens to undermine our character as a nation," said Mr. Dole, whose speech propelled him into the forefront of Republican candidates denouncing Hollywood for producing what he called "nightmares of depravity."

"Ours is not a call for censorship," he said at another point. "It is a call for good citizenship."

He said that some of the most profitable films in recent years were actually family films like "The Lion King," "The Santa Clause" and "The Flintstones." He also included "Forrest Gump" in his list and, oddly, "True Lies," an action thriller in which Arnold Schwarzenegger's character kills with high-tech Hollywood abandon.

Mr. Dole has sought to gain

support among Republican hard-line conservatives who dominate the primary process. Abortion rights, gun control and, lately, Hollywood have been targets for the 71-year-old lawmaker who has, in recent weeks, lashed out at entertainment executives for promoting "casual violence and even more casual sex."

But his aides felt that his earlier forays into social politics had been too general for a candidate who has never been known to strongly espouse the party's moral agenda.

To that end, associates said his visit Wednesday night was designed to gain maximum impact.

"This is a great issue for our campaign in that it shows Dole providing moral leadership," a top aide said.

The speech was written by a team of Dole aides including Mari Will, who worked in Mr. Dole's failed presidential bid in 1988 and is the wife of the columnist George Will.

Other politicians have sought to criticize Hollywood's standards ever since Vice President Dan Quayle began the 1992 campaign's "family values" debate by denouncing the comedy series "Murphy Brown."

Mr. Quayle's attacks were initially successful, but backfired at the 1992 Republican National Convention in Houston, where speaker after speaker focused on social and moral issues and, in the view of many Republican and Democratic strategists, alienated large groups of voters.

Since then, the Republicans have been seeking ways to bring the so-called "family values agenda" back to life, but none

has seized the issue in the quite same way as Mr. Dole.

On Wednesday he cited such films as "Natural Born Killers" and "True Romance," as well as groups like Cannibal Corpse, Geto Boys and 2 Live Crew for their depictions of "mindless violence and loveless sex."

An aide to Mr. Dole acknowledged that the candidate had not actually seen the movies or heard the songs, but had read the film reviews and lyrics.

"A line has been crossed — not just of taste, but of human dignity and decency," he said. "It is crossed every time sexual violence is given a catchy tune. When teen suicide is set to an appealing beat. When Hollywood dream factories turn out nightmares of depravity."

Some of the more vocal liberals in Hollywood were unresponsive to Mr. Dole's speech.

Some of the bluntest comments came from Michael Fuchs, newly appointed chairman of the Warner Music Group, who also runs Home Box Office. In the face of criticism about rap lyrics, Mr. Fuchs was asked last week by Time Warner's chairman, Gerald Levin, to develop guidelines to place more specific warning labels on some rap albums.

From his office in New York, Mr. Fuchs said that Mr. Dole "had made no effort to have a dialogue or to try to look at this thing in anything less than an expedient political manner."

"There's presidential politics going on here," he added. "And there's a not so subtle movement by some conservatives in this country to go after institutions and industries and companies, including entertainment, that don't subscribe to their definition of American family values."



Sebastián Arcos Bergues, one of the Cuban dissidents released, being greeted by family members in Havana.

Cuba Frees 2 Dissidents After French Group's Plea

HAVANA — Two leading dissidents have been released from prison here after a request by a French human-rights group. Sebastián Arcos Bergues, was freed Wednesday, after serving three and a half years for "political propaganda against the state," and Indamiro Restano was freed on Thursday.

They were two of six political prisoners Cuban authorities released after a request by the human-rights group France-Libertés, led by Danielle Mitterrand, wife of the former French president. The group visited Cuba in early May at the invitation of Fidel Castro to investigate the cases of political prisoners. It was not clear whether

the other four detainees had yet been released.

Mr. Arcos arrived at his Havana home on Wednesday evening after being freed in the central city of Cienfuegos and told foreign reporters that his release was unconditional. Mr. Arcos, the vice president of one of Cuba's small and illegal dissident groups, the Committee for Human Rights in Cuba, said he planned to continue his human rights work.

He said authorities had offered him freedom several times in the past, but on condition he leave the country.

"I have always rejected this, and I will continue to reject it because I think it is a

right of mine and a duty to stay in this country," he said.

Mr. Restano, 47, sentenced in 1992 to a 10-year jail term for rebellion, also said he would continue with his work for democracy. He is a journalist who led a dissident group called Harmony.

He said he saw his release as a hopeful sign that a new era of tolerance was starting in Cuba.

Political opposition is banned in Cuba, and the country's few small human rights and opposition groups are illegal. The authorities, while engaged in economic reforms, have not indicated they intend to change the one-party system.

POLITICAL NOTES

In California, Making Merit Count

SACRAMENTO, California — Condemning affirmative action programs as "unfair" and "unjust," Governor Pete Wilson says he intends to curtail them sharply throughout California government wherever the law allows.

In an open letter to Californians, Mr. Wilson said that merit, not race or sex, would mainly be the basis for state employment, promotion, contracting and school admission policies except where federal and state laws and judicial decisions mandated affirmative action.

With his announcement, Mr. Wilson, who is considering running for the Republican presidential nomination in 1996, served notice that he planned to make affirmative action a pillar of his campaign, and he urged President Bill Clinton and Congress to "summon the courage" and "common sense" to follow his lead.

"We must ask ourselves whether the bestowal of preferences based on race or gender squares with equality under the law," Mr. Wilson wrote in his eight-page letter. "The answer we cannot deny is that it does not." (NYT)

Indians Fear an Erosion of Rights

WASHINGTON — Pointing to issues from clean water to gambling on reservations, American Indian tribes say they are facing legislation and a climate on Capitol Hill that could undermine many of their rights.

When Congress passed the Clean Water Act in 1972, Indian nations were omitted from its coverage. It took 15 years for the Indians to obtain an amendment allowing tribes to petition for the right to enforce the act's requirements on their territory.

Only this year was that right secured by the Flathead Nation of Montana. Now non-Indians living on the Flathead reservations are pushing for another amendment that would exempt them from clean water laws enforced by Indians.

The amendment would "unjustifiably undermine" EPA policy and congressional intent, the Environmental Protection Agency's assistant administrator, Robert Perciasepe, wrote to Representative Pat Williams, Democrat of Montana.

Tribes and Indian interest groups attribute the clean water challenges and other proposed changes in laws affecting Indians in part to the new Republican-controlled Congress, which they say lacks knowledge about Indian issues and about treaty obligations to the Indians.

Indians are worried about Congress's enthusiasm for turning power and money over to the states. They fear that states, which traditionally have not been as supportive as the federal government, will deny funding to the tribes because they represent a lower political priority.

"The Republicans are trying to change the relations between the federal government and the American people. Native Americans are in danger of being caught in the squeeze," said Senator John McCain, Republican of Arizona, a longtime advocate for Indians. "Nothing that happened in the '94 elections changed the constitutional and treaty obligations that the country has to Native Americans." (WFP)

HUD Corruption Investigator Quits

WASHINGTON — Arlin Adams, independent counsel in the HUD influence-peddling scandal, has ended his investigation and is resigning after five years and more than a dozen convictions.

Mr. Adams's resignation takes effect July 3, according to an announcement Thursday by the U.S. Court of Appeals. He will be succeeded by Larry Thompson, a former U.S. attorney who has worked with him throughout the HUD probe.

"As I previously advised you, the investigative phase of my assignment has now been completed," Mr. Adams said in a May 15 letter to Circuit Judge David B. Sentelle. The investigation, Mr. Adams said, had uncovered "widespread irregularities" at the Department of Housing and Urban Development during the tenure of Secretary Samuel R. Pierce in the Reagan administrations of the 1980s. (AP)

Cuomo Won't Bail Out N.Y. Party

NEW YORK — The New York state Democratic Party — politically humbled, broke, unable even to afford its own office space — is in desperate need of more than \$400,000 to pay off its debts.

Former Governor Mario M. Cuomo, the party's defeated standard bearer, just happens to have about \$400,000 in leftover campaign funds, and a group of party committee members suggested this week that he share the funds with the party.

But Mr. Cuomo, unhappy with the direction his party has taken since his defeat in November — particularly the support some of its leaders have shown for several initiatives offered by the man who has defeated him, Governor George Pataki — is in no mood to share.

He said that he might use the money to fight the death penalty and statewide tax cuts, both of which have been supported by Sheldon Silver, the Assembly speaker and the state's leading Democrat, along with other elected party officials in Albany. He even dropped broad hints that he might need the money for a future political race.

"That money was given to Mario Cuomo for Mario Cuomo," Mr. Cuomo said in a telephone conversation from his private law office in Manhattan. "If what they want me to do is announce that I'm no longer interested in politics, here's all the money, this is my last office, I'm not going to pursue anything else, well, that's not true. I can't do that." (NYT)

Quote / Unquote

President Bill Clinton, during a speech at Montana State University in Billings, issuing a plea for more civil political debate: "If I could wave the magic wand and do just one thing, it would be to try to get us out of the way we are communicating with each other. Every time we have a difference, we turn it into a wedge and a divide and we try to beat each other to death with it. That's not right. It's not the American way." (Reuters)

For a Onetime Banished Dissident, Justice in Chile

By Gabriel Escobar
Washington Post Service

SANTIAGO — The military stayed in the barracks and Chilean justice, most people agreed, worked. But to measure what it means when a wounded nation finally decides to jail members of a once feared secret police agency, it is worth listening to a short, bearded man who says that now he can begin believing in his country again.

Eduardo Parraguez was outside the Supreme Court at 6:15 P.M. Tuesday when portable radios around him announced

the news to the restive crowd, which booed and cheered in satisfaction.

Denied justice 22 years earlier, jailed and eventually banished from Chile by the military regime of that era, Mr. Parraguez had brought a deep sense of personal persecution to a narrow Santiago desert street at dusk to wait for satisfaction.

The court decision handed down that evening applied only to General Manuel Contreras and Brigadier General Pedro Espinoza, called the "intellectual authors" of the 1976 assassination in Washington of a former Chilean foreign minister, Orlando Letelier.

But in the minds of Mr. Parraguez and many others in Chile, the decision was a moral, if limited, sentence on an era — the regime of General Augusto Pinochet, who reigned supreme from 1973 until the return of democracy to Chile in 1990.

"It was immensely emotional to see that justice is done, slowly," Mr. Parraguez, a 46-year-old union leader, said, reflecting anew on a judicial ruling upholding convictions of the two generals that has had enormous significance for Chileans.

"It will be a great achievement to see them put in jail."

With few exceptions, Chileans embraced the court ruling as proof that the country's institutions work and that the democracy restored five years ago is solid.

Fears that the military would rebel in defense of its own did not materialize, and even street violence provoked by some extremists generated little interest.

Still, the ruling's reflection on General Pinochet and his times has caused great consternation here. General Pinochet is still commander of the army, and

politicians emphasized before and after the court decision that the military itself was not on trial.

Reports that some generals were angered by the decision added to the uncertainty, and many politicians — and even the Letelier family — sought to draw a distinction between then and now.

"I don't think this has ever been a trial of the armed forces," said one of Orlando Letelier's sons, José, an architect who works for the government's Ministry of Regional Planning.

"If the armed forces feel aggrieved, it is their problem; there was no intention to harm."

"We have shared a lot of happiness today because this is one of the few deeds that has gone to judgment, and there is a lot of solidarity," he said. "The case may be emblematic in that sense, but that is from a social point of view and not a judicial point of view."

General Contreras reiterated his declaration of innocence and again promised to produce lists of people who he said "took the country to ruin."

It was unclear when he and General Espinoza would begin serving their sentences.

Inquiry Links Only 2 to Blast

But Police Back Theory of More Oklahoma City Suspects

By David Johnston
New York Times Service

WASHINGTON — Six weeks after the Oklahoma City bombing, federal authorities have unearthed little evidence that the plot involved anyone other than the two men already charged, law-enforcement officials say.

Still, investigators have refused to abandon their theory of a larger conspiracy, driven by a belief that so enormous a crime could not have been carried out by just two people and untainted by witnesses who report glimpses of another suspect, still identified as John Doe No. 2.

A senior Justice Department official said Thursday that there might be more arrests in the case and expressed confidence that the authorities would apprehend everyone involved. The Associated Press reported.

The official, Deputy Attorney General Jamie S. Gorelick, also raised the possibility that John Doe No. 2 might not have been an active participant.

At the end of the case, she said, the authorities would "know who John Doe No. 2 is" and "whether he was a participant in this event."

Law-enforcement officials hoped that they might be near a breakthrough two weeks ago, when a friend of Timothy McVeigh, one of the men already charged, began negotiations with prosecutors over the possibility of a plea agreement.

But that friend, Michael Fortier, has not reached any deal with the government, and the future of his discussions with the prosecution is uncertain, officials say.

Mr. Fortier has told the authorities that he accompanied Mr. McVeigh from Arizona to Oklahoma City to inspect the federal building there a few days before it was blown up April 19, and that Mr. McVeigh had earlier told him of plans to bomb an unspecified federal building. But he has denied active involvement in the plot.

By the account of some news reports, Mr. Fortier also has said he knew that Terry Nichols, the second man charged, was to have a role in mixing the

chemicals used to build the bomb. But the authorities have not confirmed these accounts.

Without cooperating witnesses, the government's case remains mainly circumstantial.

In the case of Mr. McVeigh, investigators have determined that the clothes he was wearing when he was arrested on unre-

lated charges little more than an hour after the explosion had traces of chemicals that were also present in the detonating cord used in the bomb.

Moreover, a truck rental clerk in Junction City, Kansas, has identified Mr. McVeigh in a lineup as the man who on April 16 rented the Ryder truck in which the bomb went off.

JUROR: Dismissed Panel Member Opens a Window on the Simpson Trial

Continued from Page 1

have thinking people here," she says of the jurors. "They're picking up the nuances of the witnesses. The defense is doing a pretty good job. They're putting doubts in people's minds. They're putting doubt in my mind."

Nonetheless, she says she is convinced that at least one of the black jurors remaining on the panel would not convict Mr. Simpson no matter what the evidence. But she reserves her deepest anger for the judge who dismissed her.

"Judge Ito, I want to ring his bell," she says. "I want to box him over the head. The man is wild. He's leading the trial down the road to a mistrial. My own personal opinion is I think Judge Ito is afraid of a Rodney King-type incident. He wants to clear the jury of any taint of racism. He assumed I was racist."

A high school graduate, Ms. Florio-Buntin, 39, lives in a working-class suburb. She is a New Yorker subscriber and a book reader — someone who found Judge Ito's prohibitions on bookstores one of the toughest burdens of serving on the case. She was the only juror during jury selection who volunteered that DNA stood for deoxyribonucleic acid. While some prospective jurors were close-mouthed during jury selection, Ms. Florio-Buntin told Judge Ito she was fascinated by "the political and social aspects" of the case. On the jury, she was the one who often wrote letters to Judge Ito, sticking up for the jurors' rights.

"I was a child of the '60s. For me, democracy is not a sideline type of thing. Then this happens to me. I was furious. I was sitting in the jury deliberation

room, fuming, and then giggling to myself, the accusations were so preposterous," said Ms. Florio-Buntin, a voluble Italian-American nicknamed by the press corps "Touchy Feely," the words she used to describe herself during jury selection.

Judge Ito and District Attorney Gil Garcetti did not return phone calls asking for comment. F. Lee Bailey, one of Mr. Simpson's defense attorneys, said that he did not know about the investigation into Ms. Florio-Buntin's conduct, but that the defense has had no problem with Judge Ito's jury inquiries to date. Defense attorneys, under the impression that she was a likely vote for conviction, had expressed cautious delight when Ms. Florio-Buntin was removed last week.

"Very frankly the judge's investigations are pretty thorough and no one's getting moved out

precipitously," Mr. Bailey said. "I suspect there's more to this than you have been told."

But Alan Derzhovitz, another member of the defense team, disagreed. "The defense has never believed the sheriff's department should have any role in monitoring a sequestered jury or investigating them, since they're part of the prosecution, and if the case is going badly for the prosecution, which this obviously is, they would have an incentive to get the jury below 12 to get a mistrial," he said. "We're very concerned that the prosecution may be aiming for mistrial."

Mr. Bailey said Mr. Simpson is the most worried and "is watching in abject horror to see the attrition rate."

To date, eight jurors have been dismissed — an unprecedented number, jury consultants say, and at least one more

is under investigation. Not all the reasons for prior dismissals are known. Tracy Hampton, a 26-year-old stewardess, was excused in early May due to stress. Judge Ito dismissed Ms. Harris, a 38-year-old employment interviewer, in April for failing to disclose a domestic-violence incident. Tracy Kennedy, a 52-year-old Amtrak worker, was removed in March after being accused of writing a book.

Michael Knox, a 46-year-old courier, was dismissed in March for failing to describe accurately a decade-old domestic-violence incident. He has the only known book contract among the former jurors.

Away From Politics

• The Clinton administration will transfer a long-contested tract of desert to California as a place to bury radioactive waste, despite repeated promises to environmentalists that it would not act until lawsuits were settled and hearings held. The 1,000-acre tract of federal land is in the Mojave Desert, about 20 miles from the Colorado River, which provides water to much of Southern California. (NYT)

• The son of a black protest leader in Alabama was arrested in the burning of a high school where a white principal's comments against mixed-race dating set off months of racial discord. The FBI arrested Christopher Lynn Johnson, 25, of Ashland in the Aug. 6

fire at Randolph County High School at Wedowee, U.S. Attorney Redding Pitt said. Mr. Pitt said Mr. Johnson is the son of Emmett Johnson, an outspoken critic of the school system who helped form an alternative "Freedom School" after the mixed-race dating conflict. (AP)

• Woodpeckers chipping away at the space shuttle Discovery at Cape Canaveral have pecked 71 holes into the fuel tank's insulation that could delay the launching scheduled for next week. The insulation helps prevent ice accumulation on the tank. Officials are trying to keep the birds away by blowing air horns and placing decoy owls around the launching pad. The space center is located in a national wildlife refuge. (AFP)

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ASIA

Report Cites Rising Rights Abuses in China

Compiled by Our Staff From Dispatches

BEIJING — Beijing's roundup of dissidents before the sixth anniversary of the Tiananmen Square crackdown marks the latest phase in China's worsening human-rights offenses, Amnesty International said in a report issued Friday.

"Even before the recent arrests of dissidents, human rights violations have been increasing as Chinese authorities seek to quash any activity perceived as a threat to the established political order," the London-based human rights group said.

Persecution of religious believers who refuse to join official churches, torture of anti-Chinese monks and nuns in Tibet, heavy prison terms for independent labor activists and unfair trials were some of the alleged abuses the group cited.

"The past year was generally marked by increased

political repression," said the report, titled "Six Years After Tiananmen: Increased Political Repression and Human Rights Violations."

It identified a new Beijing policy in early 1994 that stressed the need for political stability to protect economic development as the source of the harsh action against people whose ideas differed from those of the ruling Communist Party.

Under that tougher approach, hundreds of members of religious groups and dissidents were detained, many held without charges, and some sentenced to jail terms of as long as 20 years for openly voicing their views.

Dozens have been arrested or harassed in the past few days in Beijing's nationwide sweep of potential troublemakers before the sixth anniversary of the June 4, 1989, crackdown, it said. Troops poured into Beijing to crush student-led protests for democracy centered on Tiananmen Square.

"Those who dare to ask questions about the fate of hundreds killed during the suppression of the Tiananmen Square protests and the thousands arrested at that time have themselves been victimized," Amnesty said.

It called for an impartial and public inquiry into the June 4 killings, as well as the release of all those jailed for their views, and a review of cases involving political prisoners.

The Chinese government said Thursday that attempts to overturn the verdict on the brutal suppression of the June 1989 pro-democracy movement were meaningless and devoid of popular support.

The statement followed the recent circulation of a series of petitions by dissidents and intellectuals calling for a full investigation into the massacre of hundreds of students six years ago, as well as basic human rights guarantees. (Reuters, AFP)

Lawmaker Warns of 'Conflict' With China

Compiled by Our Staff From Dispatches

BANGKOK — The United States and Southeast Asian nations can expect to face an increasingly hostile, expansionist and anti-democratic China in the future unless they take action now, a U.S. congressman said Thursday.

Representative Dana Rohrabacher, Republican of California, said the economic progress made in Southeast Asia in the last decade was threatened by a potential future conflict with China.

"I believe great care must be taken in trying to change the direction of history in China and in its relationship with the rest of the world," he said. "There will be a major conflict in the next decade unless we take action to divert it right now."

Mr. Rohrabacher, who is on a private Asian tour, said stronger political and military ties between the United States and members of the Association of South East Asian Nations would be beneficial to all parties.

"We can be equal partners in stopping Chinese expansionism," he said. "A conflict with China could destroy all the progress in Southeast Asia."

He said he supported a U.S. role in trying to mediate the dispute over the Spratly Islands in the South China Sea. Vietnam recently suggested that an American presence might help solve the conflict.

Brunei, China, Malaysia, the Philippines, Taiwan and Vietnam all have made claims of sovereignty over the islands, which are thought to have oil and mineral reserves.

"The Chinese are the farthest away from the Spratlys," Mr. Rohrabacher said, "but they are the most abusive, the most intransigent in terms of negotiating."

He said the Chinese were not willing to discuss the situation, and instead had resorted to military threats.

"The Chinese regime has to know that we will not allow them to bully their neighbors," Mr. Rohrabacher said. "We will not accept gross violations of human rights. The solution is that we must stand together." (AP, Reuters)

Bomb Blast At Karachi Assembly

Compiled by Our Staff From Dispatches

KARACHI, Pakistan — Two car bombs exploded in Karachi on Thursday, and a bomb scare forced the stock exchange to interrupt trading, the police said.

The first bomb went off in front of the Sind provincial assembly hall. It broke windows in the colonial two-story stone building and hurled debris from the wrecked car over a 100-meter radius, witnesses said. No casualties were reported.

A police bomb expert said that the bomb consisted of about 1.2 kilograms (2.5 pounds) of explosive material attached to a timer and was "very powerful."

Fifteen minutes later, a bomb concealed in a car exploded outside a naval residential apartment block in the southern district of Lyari, slightly wounding two children.

Dealers at the Karachi Stock Exchange said the police evacuated the building 45 minutes before the normal close of trading after a bomb warning from an anonymous caller.

Bomb disposal experts were searching the premises.

The Sind Province Assembly was closed for a day after the blast. A meeting of the governing Pakistan People's Party.

A police officer said the car containing the bomb had followed a minister's car through the gate of the compound without being stopped for security checks.

Shortly after the explosion, unidentified attackers fired a rocket-propelled grenade at a police station in District West, wounding two policemen, the police said.

There was no immediate claim of responsibility for the attacks.

More than 600 people have been killed in ethnic and sectarian strife in Karachi so far this year.

"This is linked with the terrorist activities going on in Karachi," said Nadir Ali Magi, minister for local bodies.

"The explosion outside the legislature was definitely aimed at killing a minister." (Reuters, AP)



BOWS OF A BRANCH — Managers of Seoul Bank bowing to potential customers Thursday as a promotion.

Canada Is China's New Taiwan Thorn

Compiled by Our Staff From Dispatches

BEIJING — China assailed Canada on Thursday for allowing a visit by the deputy prime minister of Taiwan, and warned of new reprisals against the United States unless it revoked a visa for Taiwan's president.

The Foreign Ministry spokesman, Chen Jian, denounced Ottawa's decision to permit a private visit as a "violation of the one-China principle."

Beijing also made "solemn representations" and had lodged a protest against what he called a violation of the principles of bilateral relations.

"The Taiwan authorities have spared no efforts playing tricks in the international arena and aggressively pursued elastic,

pragmatic diplomacy — the essence of which is to create two Chinas or one China and one Taiwan," Mr. Chen said.

The anger at Canada echoed the vitriol that China has unleashed in the last two weeks against the United States for agreeing to a private visit by President Lee Teng-hui of Taiwan.

Mr. Chen strongly rebutted Washington's assertion that Beijing had overreacted to the Clinton administration's decision to permit Mr. Lee's visit.

"We have already solemnly made representations and lodged a strong protest with the Canadian government over this action," Mr. Chen said, adding that Ottawa's decision violated Chinese-Canadian agreements signed when the two sides established diplomatic relations.

Diplomats say China's bluster reflected

acute fears that Washington's relaxation of a 16-year moratorium on such visits would set a precedent, enabling other countries to welcome Taiwan officials.

Mr. Chen did not spare the United States at the briefing, vowing new reprisals if it failed to heed China's demand that President Lee's visit be canceled.

Washington had gone "further and further away" on the Taiwan issue by "repeatedly upgrading" ties with Taipei, Mr. Chen said.

China has attacked Mr. Lee's proposed visit to his alma mater, Cornell University, as a violation of Washington's vow to recognize only Beijing as China's capital and to scale down its support for Taiwan.

China already has canceled or postponed several high-level exchanges with the United States. (Reuters, AP)

China Attacks Report of Tibetan Abbot's Arrest as 'Utter Lies'

Agence France-Presse

BEIJING — China on Thursday angrily denied a report that it had arrested a Tibetan abbot who had led the search for the reincarnation of the Panchen Lama, a mission deemed critical for the future of Tibetan Buddhism.

A spokesman for the Nationalities and Religious Affairs Commission in Lhasa, reached by telephone from Beijing, said the report by the Tibet Information Network in London was "utter lies."

The agency reported

Wednesday that Chadril Rimpoche, the senior abbot at the Tashilhunpo monastery, had been detained in the southwestern Chinese city of Chengdu, along with his assistant.

The abbot was in charge of a mission to find the reincarnation of the Panchen Lama, the most important figure in Tibetan Buddhism after the Dalai Lama.

The Chinese authorities, the report said, believed that Mr. Chadril had been in secret contact with the Dalai Lama.

This enabled the exiled spiri-

tual leader to announce the discovery of the Panchen Lama's reincarnation — a 6-year-old boy, Gendun Choekyi Nyima — before Beijing, whose official search party had alighted on the same boy, the report said.

The Dalai Lama's announcement was made on May 14. Three days later, the Chinese authorities said his decision was "illegal and invalid" because it had not been approved by Beijing. But China has not contested the choice.

The Tibetan agency in London said that Mr. Chadril and

his assistant were taken to Chengdu, the capital of Sichuan Province, on May 17 and detained there.

It also said that "most of the lamas" at Tashilhunpo, about 225 kilometers (140 miles) west of Lhasa, had been called to Beijing, along with the boy.

This was also denied by the Nationalities and Religious Affairs Commission.

The search for the 11th Pan-

chen Lama not only saw the Dalai Lama and Beijing jostling for authority. It focused on a figure who traditionally played

a pivotal role in Tibetan affairs, between the authority of the Dalai Lama and the influence of China.

The 10th Panchen Lama was seen by many Tibetans as an apologist for the Chinese invasion of Tibet. He refused to join the Dalai Lama and his supporters in exile in India after the failure of an anti-Chinese uprising in Lhasa in 1959.

But he later became a vocal critic of Beijing, for which he was jailed and later released. He died in January 1989 at the age of 51.

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BRIEFLY ASIA

60 Tamil Rebels Reported Killed

COLOMBO — More than 60 Tamil rebels were killed in a major Sri Lankan Army offensive against a guerrilla jungle base Thursday, a military spokesman said.

"There are bodies all over the place," said the spokesman, Brigadier Sarath Munasinghe. "We've sent reinforcements and troops are on the trail of the terrorists who have withdrawn into the jungle."

He said the army lost two officers, including a battalion commander, and five soldiers during the operation at Thiriyaya, about 25 kilometers (15 miles) north of the eastern port of Trincomalee.

It was the biggest army operation since the rebels broke a truce and resumed fighting in April. (Reuters)

Japanese Cult Stocked Bazookas

TOKYO — The cult accused of releasing nerve gas on Tokyo's subways was trying to add several more weapons to its arsenal — bazookas, lasers and assault weapons, police and news reports said Thursday.

They said the police also found ingredients of the hallucinogenic drug LSD hidden inside a pillar in a building at the Aum Shinrikyo cult's compound near Mount Fuji, the NHK public broadcasting network said.

The police believe the cult administered LSD and other drugs to members during religious rituals, it added.

Bazooka barrels, assault-weapon parts and grenades were found at the cult's facilities, the police said. They reportedly suspect that the cult was developing a military wing to try to overthrow the government.

Arrested cult members have said the group researched laser weapons for several years and tested a prototype last fall, the newspaper Mainichi reported Thursday. (AP)

Pyongyang Relocating Residents?

SEOUL — North Korea has begun moving hundreds of thousands of people out of the capital, news reports said Thursday.

South Korean newspapers, quoting a high-ranking government official, said the relocation program could force as many as 1 million Pyongyang residents to move back to the countryside.

Pyongyang's population has risen sharply in recent years to 3.5 million, as more North Koreans moved to the capital for better food rations and housing, according to South Korean reports.

A South Korean official, who briefed reporters on condition of anonymity, said North Korean authorities were telling people that the relocation is part of efforts to ease labor shortages in farming and industry. But politics is a bigger motive, he was quoted as saying.

Migration from the countryside has brought more diverse voices to Pyongyang, raising fears among Communist leaders that the bastion of party loyalty might become politically unstable, he said. (AP)

5 Nations Deplore Chinese Tests

GENEVA — China rebuffed strong criticism Thursday over its recent underground nuclear blast, but vowed to exercise restraint to help conclude a global test ban by 1996.

Japan, joined by four other non-nuclear states — Finland, New Zealand, Argentina and Belgium — deplored China's nuclear blast of May 15 and urged Beijing to refrain from further testing.

The issue came up at the start of the summer session of the United Nations-sponsored Disarmament Conference in Geneva, the world's main disarmament negotiating forum.

Wang Jun, first secretary at China's diplomatic mission in Geneva, took the floor to reply to the criticism. "The Chinese government has exercised maximum restraint with regard to nuclear tests and has limited their number," he said. "China stands for complete prohibition of nuclear weapons and favors early conclusion of a comprehensive test ban treaty."

Mr. Wang said China hoped the treaty would be concluded by 1996, after which time it would abide by the treaty and stop nuclear testing. (Reuters)

VOICES From Asia

Chen Jian, Chinese Foreign Ministry spokesman, asked about reports that China had test-fired a mobile intercontinental ballistic missile. "I am not aware of the launching of an intercontinental ballistic missile. Since this issue is non-existent, the so-called 'China threat' is out of the question." (Reuters)

Zhao Ziyang, 75, who was deposed as Chinese Communist Party chief after the army crushed the 1989 pro-democracy movement and who sources say is chafing at the tight guard around his Beijing home and limits on his movements: "It is wrong for the Communist Party to treat me like a most unstable and dangerous element. I'm still a Communist Party member and a law-abiding citizen." (Reuters)

Vu Khoan, Vietnam's deputy foreign minister, noting that Vietnam will join the Association of Southeast Asian Nations next month: "I think the U.S. has to consider, to review the relationship with Vietnam in the new circumstances." (Reuters)

Eyes on a Reprieve, Vietnamese Refuse Trip Home

Agence France-Presse

HONG KONG — A group of Vietnamese refugees decided at the last minute not to fly home Thursday under a United Nations plan, hoping that a bill to be debated next week by the U.S. Congress will allow them to resettle in the United States.

Ian Disley, a spokesman for the United Nations High Commissioner for Refugees, said the flight Thursday had to be canceled after most of the 230 Vietnamese said they wanted to see whether there was any hope of migrating to the United States under the new proposal.

The UN refugee chief in Hong Kong, Jahanshah Assadi, echoing earlier Hong Kong gov-

ernment fears, said that a voluntary repatriation flight planned for next week also could be affected by the congressional move.

In recent weeks, operations to move thousands of Vietnamese from the Whitehead detention center before their deportation have ended in violence. Hong Kong intends to clear out all 20,000 Vietnamese remaining in its detention centers by the middle of 1996.

East Timorese Refused
A group of 18 East Timorese

refugees were flown Thursday to a detention center that the lawyer called "Australia's answer to oblivion" after losing a court battle to remain in Darwin, Australia, Agence France-Presse reported.

The 15 men, two women and a baby arrived Tuesday aboard a leaking boat. A federal court judge refused to let the group remain in Darwin, where there is a large East Timorese community, and instead endorsed their move to a detention center at an air force base near Derby, in West Australia.

Beijing Subway Is Chugging Toward Overload

Reuters

BEIJING — Antiquated equipment and more passengers are turning Beijing's overloaded subway system into a potential disaster area, the Guangming Daily reported Thursday.

With breakdowns ever more frequent and a growing number of hidden hazards, the 42-kilometer (26-mile) two-line system was struggling to cope with yearly passenger increases of 20 percent, the newspaper said.

"Every day, it's as if we were all sitting on the crater of a volcano," it quoted a senior subway official as saying.

The system, which carried 530 million passengers last year, is trying to cope with the horde of riders by increasing staffing levels and by cutting the times between trains, the newspaper said.

The measures would still not be enough to satisfy demand, it said. Beijing already has limited the sale of new monthly passes to people who have

expired passes and has barred passengers without monthly passes from traveling at some peak times.

Subway officials blame Beijing's growing population and traffic-clogged roads for the sharp increase in passengers, the newspaper said.

Beijing plans to build 78 kilometers of new subway lines by 2010, with financing to come from the central government, bonds, loans and foreign investment.

2 Muslim Extremists Escape From Jail in Manila

Reuters

MANILA — Two ranking officers of a Muslim extremist group blamed for a spate of bombings and raids in the southern Philippines have escaped from a Manila jail, the police said Thursday.

The escape dealt a new blow to the image of the national police force, which has been rocked by allegations that the police executed 11 suspected bank robbers on May 18.

Khadafi Janjalani and Juvenal Bruno, leaders of the Abu Sayyaf fundamentalist group, escaped Monday through the ceilings of their cells at the national police headquarters.

Mr. Janjalani is the brother of the group's chief, Abubakar Janjalani. Mr. Bruno is the group's intelligence officer.

They were arrested on Jolo Island in February and brought to Manila for questioning.

The police blamed Abu Sayyaf guerrillas for a raid on

the southern town of Ipil in April in which 53 people, mostly unarmed civilians, were killed.

The group also has been linked to bomb attacks on government facilities and the kidnapping of Christian missionaries in the southern islands in the past two years.

EUROPE

Nazi Fugitive Rose to Be a Pillar of German Academe

By Alan Cowell
New York Times Service

ASCHAU-IM-CHIEMGAU, Germany — The war was ending and Berlin was in ruins when Hans-Ernst Schneider shed the uniform of a Nazi SS officer and slipped into obscurity, abandoning his name and his history.

And there the story might have ended — another Nazi easing into the fabric of modern Germany — had it not been for the cover-up and intrigue that in April forced an 85-year-old pillar of German learning, Professor Hans Schwerte, to acknowledge that he was Hans-Ernst Schneider.

As Hans-Ernst Schneider, records indicate, he served on Heinrich Himmler's staff and was a leader of a unit that carried out horrific experiments on concentration camp inmates, though he denied taking part in the atrocities.

In the year that marks the 50th anniversary the end of World War II, the case has stunned German intellectuals and fascinated them with its implications: Was the flight of Hans-Ernst Schneider no more than another tale of a Nazi fugitive or, as Professor Schwerte now implies, was it a parable for modern Germany, turning its back on the shames of history to build a new society?

Most unsettling to those who knew and worked with him: How wide was, or is, the web of academic and political protectors that kept his identity secret as he rose to the heights of scholarly and social acclaim?

The masquerade ended only when he acknowledged his history in a letter to the college authorities in the western city of Aachen after, he said, anonymous

phone calls and letters threatened to divulge his true identity.

Another reason was that a Dutch television investigation of his SS activities in the Netherlands was about to be broadcast.

Since then, the story that he has told, casting himself as a victim of persecution and circumstance, and wartime records combine to weave a chronicle that might inspire a novelist.

After fleeing Berlin in civilian clothes, Hans-Ernst Schneider, a Nazi *Hauptsturmführer* who served in the SS under Himmler, used his wartime contacts to procure documents pronouncing him to be Hans Schwerte, a simple soldier.

But his credentials as an expert in Germanic studies had died with his SS uniform. So, he repeated his courses at the University of Erlangen for a doctorate in Germanic studies, he said, and Hans Schwerte rose from the penury of a fugitive to the heights of German and Austrian academia.

In Aachen he was appointed rector at a university called the Technical High School. The German and Belgian authorities awarded him high civilian honors. The state educational authorities appointed him as their liaison with universities in Belgium and the Netherlands.

Of his achievements, Professor Schwerte said: "None of that was a lie. Only the name was a lie."

He declined to be interviewed face to face, but spoke in a series of telephone interviews from his home in this village southeast of Munich, which has been his retirement home for 17 years.

Since the disclosure, President Roman Herzog has stripped Professor Schwerte of a high honor, the National Service Cross, First Class, awarded in

1983 for his services to German scholarship.

The unmasking has left another puzzle: Was the affair uncovered because of the research of an American academic in Germany who as early as 1992 sought to enlist the Nazi-hunter Simon Wiesenthal in the effort to discover whether Professor Hans Schwerte was, in reality, Hans-Ernst Schneider?

"There are many Schwertes in other fields," Mr. Wiesenthal said, "but the fact that he could become the rector of a university is unique."

Mr. Wiesenthal said in a telephone

'The fact that he could become the rector of a university is unique.'

Simon Wiesenthal

interview from Vienna that his own inquiries at Salzburg University, where Professor Schwerte became an honorary professor in 1984, ran into a stone wall of silence. Professor Schwerte acknowledges help from "friends," but says most are now dead.

What is less certain is whether he will face any kind of formal investigation. Under the statute of limitations, Mr. Wiesenthal said, charges that could be brought against Professor Schwerte because of his membership of the SS division called the Ahnenerbe have expired. The Ahnenerbe dealt with matters ranging from the promotion of Hitler's pre-Germanic visions to lurid and fatal experiments on human beings in concentration camps.

In any event, the professor denies committing war crimes. "I wore that uniform," he said. "But I never committed a crime in that uniform. My work was purely academic."

Records show that he joined the SS in 1937 and became a member of the Nazi Party a year later.

Jeffrey Richards, the American academic who identified Professor Schwerte as Hans-Ernst Schneider in a letter to Mr. Wiesenthal in 1992, said wartime records at the Berlin Document Center, a reference center for Nazi archives, showed that the Nazi officer had been sent on SS "special missions" to Poland, Latvia and the Netherlands before becoming editor of an SS propaganda publication in Berlin.

In the Netherlands, he served under the SS commander Hanns Albin Rauter, who was sentenced to death after the war for overseeing the deportation and killing of Dutch Jews. Hans-Ernst Schneider is listed in records as a member of Himmler's personal staff.

It was in the Netherlands that Professor Schwerte is accused of helping to procure medical equipment used for the Ahnenerbe's so-called scientific experiments in the Dachau concentration camp — microscopes, centrifuges and crucibles. The order to obtain them, he said, "probably came across my desk as an administrative matter."

"But I never took part in any medical matters," he added. "I never went to a concentration camp. I had nothing to do with it."

But wartime records, used at the Nuremberg War Crimes Tribunal, show that in August 1942, Obersturmführer Schneider was ordered to take

over a central office of the Ahnenerbe (meaning, literally, Ancestral Heritage) in Berlin to oversee all "scientific work" of the department, in close coordination with the office that recruited SS volunteers in German-occupied lands.

Warfare correspondence from January 1943 shows that a "Dr. Schneider" was entrusted with the mission of seizing medical equipment in the occupied Netherlands to be used in murderous experiments in Dachau, where hundreds died as a result of Nazi doctors' pseudo-research into the limits of abuse that the human body can tolerate.

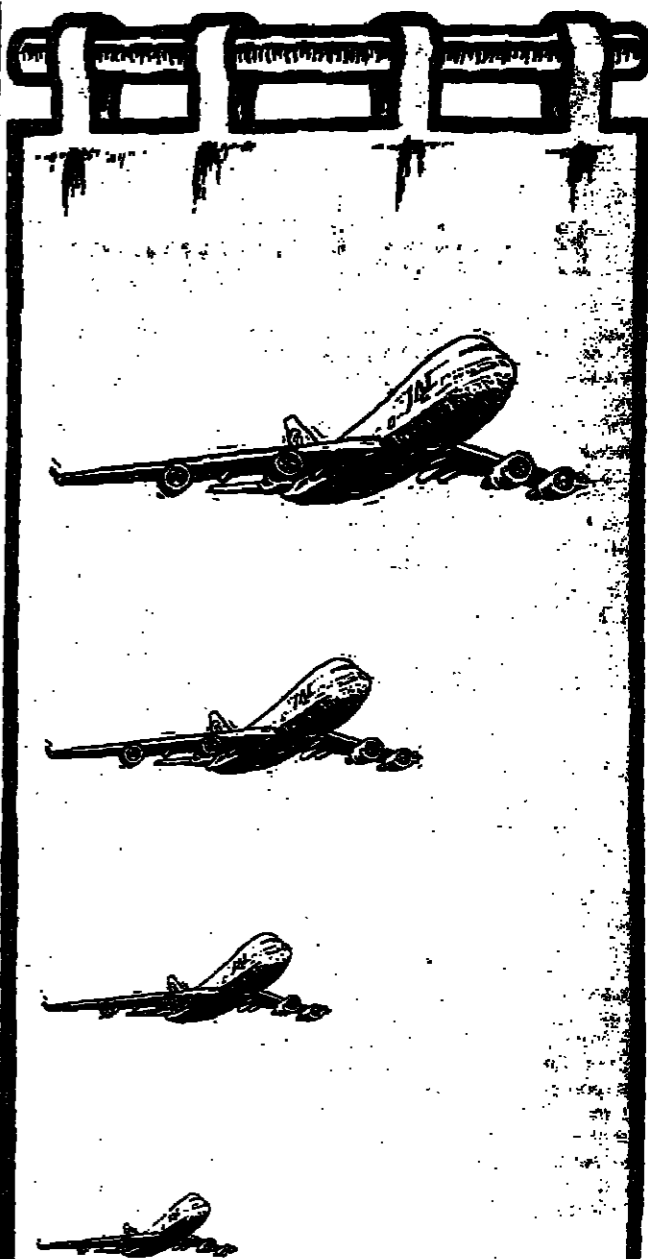
Professor Schwerte insisted that his work in the Netherlands was academic and cultural, setting up an institute to promote German culture and revive Germanic heritage.

As the war drew to a close, Hans-Ernst Schneider changed not only his personal but also his political identity. "People think I was a swindler, but that is not the case," he said, insisting that he had devoted his postwar career as a teacher to helping build a new Germany. "Dissuading students from nationalism was one of my many tasks."

He acquired a reputation as a left-liberal political figure.

What has emerged, in some German coverage of Professor Schwerte's saga, is a sense that when he says he turned his back on the past and started over, he was part of the broader process that transformed Germany's self-image.

While Dutch television called his story "a German career," the magazine *Der Spiegel* said: "That was an understatement. Schwerte-Schneider is THE German career."



BRIEFLY EUROPE

Santer to Push for Majority Vote

BRUSSELS — Jacques Santer, president of the European Commission, reaffirmed Thursday that he will push for an extension of the European Union's powers during next year's review of its workings.

Mr. Santer told the European Parliament's foreign policy committee that the commission wanted to move away from unanimity and toward qualified majority voting.

"The executive is in favor of the expansion of qualified majority voting," he said.

The idea of extending the number of matters that can be agreed on by qualified majority rather than unanimity is deeply unpopular with the British government, which has said it will block the idea and insist on maintaining its veto on foreign and security policy issues.

(Reuters)

EU Clears a Pipeline Consortium

BRUSSELS — The European Commission approved Thursday a nine-company consortium that will construct and operate a natural gas pipeline linking Britain and Belgium.

A joint venture, called Interconnector Ltd., will coordinate activities of the partners. The British companies involved are Amerasia Hess, British Petroleum, British Gas, Conoco and National Power. On the Continental side, the partners are Elf Aquitaine SA of France, Russia's RAO Gazprom, Ruhrgas of Germany and Distrigaz of Belgium.

(AP)

Flemish Opposition Leader to Quit

BRUSSELS — The president of Belgium's Flemish opposition Liberal Party said in a newspaper interview published Thursday that he would resign later this year.

Guy Verhofstadt said his decision to quit followed Belgium's general election on May 21, in which his Flemish and the francophone liberal parties did not gain enough to break the majority of the center-left coalition.

(Reuters)

EU to Restart Talks With Rwanda

LUXEMBOURG — The European Union will restart talks with Rwanda during the next two weeks in an effort to end its freeze on development aid to the country, according to a European Commission spokesman.

The EU froze more than 40 million European currency units (\$52 million) in aid to Rwanda in May, after a massacre in the Kibeho refugee camp left 2,000 people dead, according to revised United Nations estimates.

(Reuters)

Calendar

European Union events scheduled for Friday:

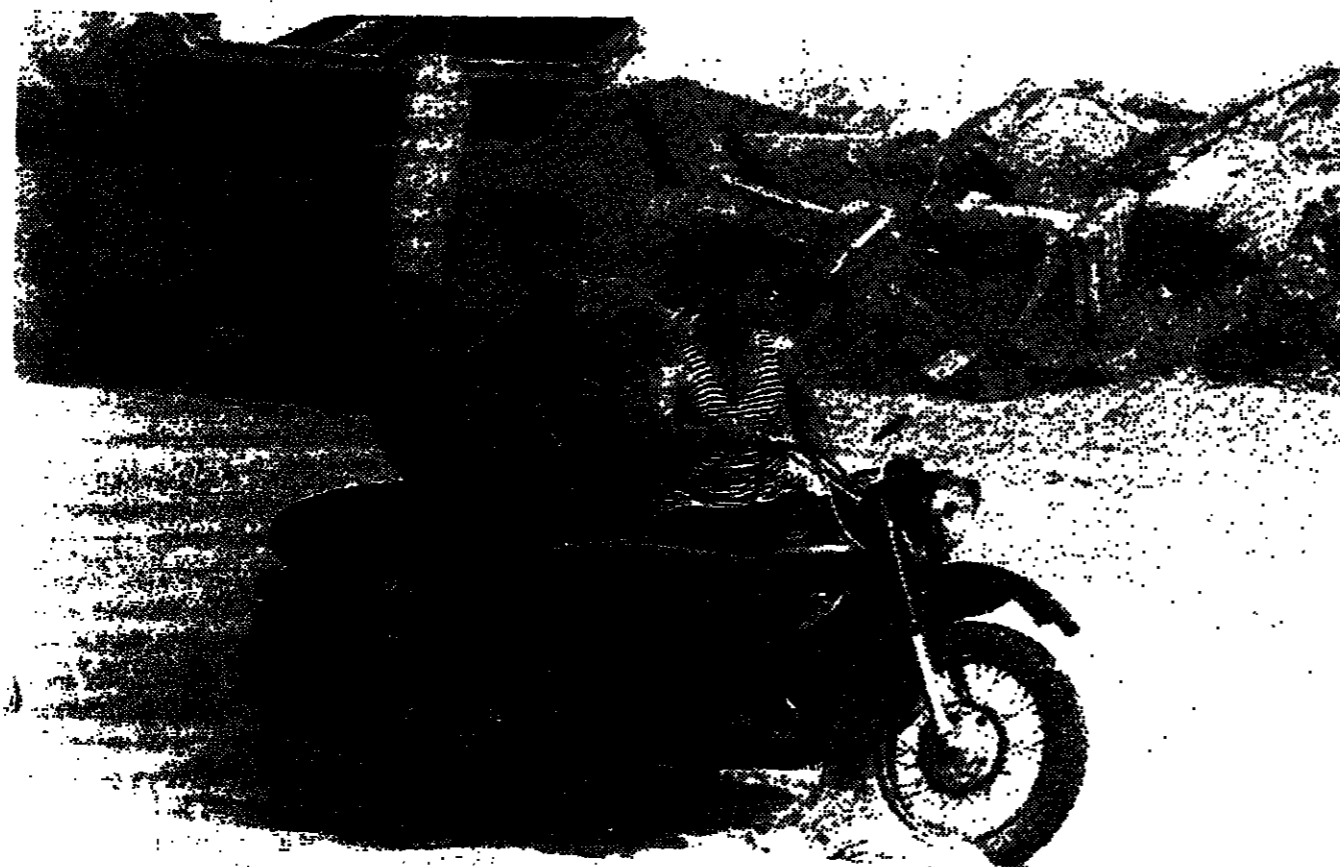
BRUSSELS: Transport Commissioner Neil Kinnock meets Ian Hamer, president of the Air Transport Users Council.

BRUSSELS: Environment Commissioner Ritt Bjerregaard meets José Borrell, Spanish environment minister.

MESSINA, Italy: Celebration of 40th anniversary of the Messina Conference, which launched the idea of a European Economic Community, forerunner of the EU.

LUXEMBOURG: European health ministers decide on large-scale cancer, AIDS and drug-abuse programs, as well as a resolution on the lack of blood supplies in the EU.

Sources: Agence Europe, AFP.



A motorcycle carrying a child's coffin Thursday in Neftegorsk, where 600 workers searched for bodies in the rubble.

6 Are Dug Out Alive From Sakhalin Rubble

New York Times Service

NEFTEGORSK, Russia — The grisly task of digging out the dead from the crushed buildings of this little oil town on remote Sakhalin Island, after the devastating earthquake on Sunday, goes on around the clock, broken only rarely now by the discovery of survivors.

Six survivors were found Thursday by rescue workers, including a perfectly healthy 3-month-old baby. But workers using dogs and special periscopes also pulled out 30 more corpses.

Russia's minister for emergency situations, Sergei Shoigu, said:

"We will continue to look for survivors for the next five days, but then the water runs out," and most of those still alive will have died of thirst, if not from their wounds or the freezing nighttime temperatures.

Official statistics released by Russia's Ministry of Emergency Situations indicate that of Neftegorsk's population of 3,200, 875 people were untouched by the disaster. So far, 1,021 individuals have been extracted from the rubble — 401 of them bruised but alive, and 620 dead.

But the balance of tragedy is measured by the more than 1,100 people officially missing. Authorities fear the death toll will approach 2,000.

Russia's president, Boris N. Yeltsin, injected an odd note into the tragedy Wednesday when discussing offers of earthquake aid from Japan, close to Sakhalin and the disputed Kuril Islands that Russia seized at the end of World War II. Russia

had to be careful about such offers from Tokyo, Mr. Yeltsin said, because they might carry a political price and affect any future talks over the Kurils.

In Tokyo on Thursday, the Japanese government reacted with astonishment and annoyance.

"We cannot understand how the president could have made such remarks about the sincere cooperative efforts of a neighboring country," said the Japanese spokesman, Kozo Igarashi.

BMW Chief Went on a \$1 Million Roll

By Barry James
International Herald Tribune

There were red faces at BMW this week after the chairman of the German automaker wrote off a million-dollar sports car in a high-speed accident.

The chairman, Bernd Pischetsrieder, 47, was back at his desk soon after the accident, which happened last weekend on a country road 70 kilometers (about 45 miles) east of Munich.

The McLaren F1 rolled over twice on a stretch of winding road before coming to rest in a ditch. A spokesman for Bayerische Motoren Werke AG, Uwe

Mahla, said the car was destroyed but that it was insured. The car is used as a test bed for BMW's high-performance engine, Mr. Mahla said. With a top speed of 380 kilometers an hour (235 miles per hour) and an ultralight body made of carbon fiber, it is among the fastest cars in the world.

BMW's McLaren was one of only a couple of dozen built by the British manufacturer, which is known for designing and making thoroughbred racing cars.

Mr. Mahla said the police were investigating the accident. The car crashed on a deserted stretch of road, and there were

no witnesses. Mr. Pischetsrieder has not commented on the crash, which was reported in the German press.

Mr. Mahla said Mr. Pischetsrieder was only slightly hurt and that his wife and another woman passenger escaped with only light injuries. He said they were protected by the automobile's roll-bar, which is built into the roof.

The McLaren has barely enough room for the driver, who sits in the center, and a couple of passengers. Built for speed rather than comfort, it can accelerate to almost 300 kilometers an hour in less than 30 seconds.

Berlusconi Vows to Remain in Politics

Reuters

ROME — Italy's former prime minister, the media magnate Silvio Berlusconi, dismissed suggestions Thursday that he could quit politics 18 months after bursting onto the scene.

"I'm afraid I'm going to disappoint someone," he said at a meeting in Rome. "I'm not leaving politics."

Italian newspapers had quoted him as saying that he might quit if a June 11 referendum on television ownership went against him.

A "yes" vote in the referendum could force him to sell two of his three national commercial channels. Two separate referendums relate to television advertising and would affect Mr. Berlusconi's Fininvest business empire if passed.

Inquiry Is Dropped

Judicial sources said Thursday that a Milan court has decided to drop an investigation into alleged corruption implicating Mr. Berlusconi at the prosecution's request. Agence France-Press reported.

Mr. Berlusconi had been accused by an extreme leftist Italian deputy of colluding with the directors of the public television channel RAI to carve up the advertising market between RAI and the three channels controlled by Fininvest.

The Milan court's chief prosecutor, Francesco Savio Borrelli, requested that the case be dropped because of lack of evidence, the sources said.

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In a Protest, Dubliners Hurl Eggs at Prince

The Associated Press

DUBLIN — Protesters hurled eggs at Prince Charles on Thursday during a walkabout in the Irish capital, missing the heir to the British throne but hitting a member of a welcoming party.

The police arrested four protesters outside Dublin's Trinity College.

Charles, the most senior member of the royal family to make an official visit to Dublin since 1911, was immediately surrounded by police and taken to a side door of the college, which he was due to visit.

The protesters, waving black flags and shouting anti-monarchist slogans, threw the eggs as Charles walked from a British tourist office toward Trinity College. He was surrounded by a largely welcoming crowd, shook hands, and appeared unruffled by the incident.

One group focused on the prince's rank as colonel-in-chief of the parachute regiment that killed 13 Northern Ireland Catholics in Londonderry on "Bloody Sunday," Jan. 30, 1972.

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Bosnia: A Slippery Slope

The Clinton administration has recklessly blurred the clear and prudent line it once drew against using American ground forces in combat in Bosnia. On Wednesday, the president declared that he would respond favorably to any NATO request for American troops to help reposition the United Nations peacekeeping forces there. Such a mission could easily open the way to direct American involvement in the fighting, if, for example, the Bosnian Serbs chose to disrupt the UN redeployment.

Until now, the administration had insisted that American ground troops would only be used to evacuate the peacekeepers from Bosnia or to police a negotiated peace that all sides committed themselves to observe. Those missions, though entailing risks, would be defined and limited. Plunging into a redeployment mission would be an invitation to open-ended combat in UN operations whose goals and methods seem to change almost daily.

The administration deludes itself if it believes it could execute some kind of quick in-and-out ground deployment. What if American soldiers were surrounded or held hostage, as more than 300 UN soldiers have been since last week-end? Surely they would not be abandoned to their fate to meet a predetermined Pentagon exit schedule.

It may seem unfair to resist exposing American soldiers to the risks that troops from other nations already face. But it would be even more unfair to thrust Americans into dangers that are justified

by no vital interest of the United States. Serbian atrocities against civilians are an affront to civilized values. That is why Washington has involved itself diplomatically and through limited NATO air strikes. But two successive administrations have rightly judged that America's direct interest in the conflict is insufficient to justify sending American troops for ground combat.

Europe's interests are more directly involved. Britain and France, two of Western Europe's main military powers, are already present on the ground in Bosnia, along with Russia and more than a dozen other nations. These countries have sufficient military resources to handle the humanitarian and protective mandate the United Nations has given them.

On Wednesday, Secretary-General Boutros Boutros Ghali proposed several options for continuing the UN mission, including more muscular enforcement of UN resolutions, possibly under multinational command. But the United Nations is not capable of fighting a war on its own, and Washington should not be sinking rashly into a widening conflict.

The best course now is for countries that have troops in Bosnia to reinforce their garrisons and redeploy those in the most vulnerable positions to safer ground. If it should turn out that they still face intolerable risks, the United States remains ready to assist in evacuation. There is no middle course and no other legitimate use for American combat troops.

—THE NEW YORK TIMES.

Too Exclusive a Club

Not all free trade agreements are good ideas, or even practical. Now there is talk of a TAFTA — a Trans-Atlantic Free Trade Agreement joining North America and Western Europe. The Clinton administration is beginning to explore it, and there is an enthusiastic cheering section on both continents. But this is a concept with serious defects.

It made good sense for the United States and Canada to join with a smaller economy, Mexico, to create a North American Free Trade Agreement, which could strengthen the process of Mexican reform and benefit consumers in all three countries. But if all the richest countries (with the conspicuous exception of Japan) go into a tight trade alliance, it is hard to avoid the impression that its purpose is to exclude the others — above all, the rapidly rising and fiercely competitive Asians.

Both to the east and to the west, foreign governments are uneasy about the hints that the United States is losing interest in the rest of the world, and a sort of tug-of-war is developing for its attention. TAFTA is in some respects a response and draws support from people who fear that the Americans' relations with their old allies in Europe are cooling. It is an attempt to reaffirm the European political connection. That is

highly desirable — but it has to be done in ways that do not seem to relegate other governments and regions to a lower order of importance.

As a practical matter, closer trade relations with Europe seem unlikely at present. In the recent Uruguay Round of world trade negotiations, most of the most difficult issues lay between Americans and Europeans, particularly over agriculture. Those were the differences that repeatedly threatened the success of the whole venture. The final compromises did not leave the impression that there was any margin left on either side for wide new agreements.

Perhaps that judgment is wrong, and the Europeans are unexpectedly ready for another long step toward freer trade. If so, the right response is not to organize a tight little club of the rich.

Instead, Americans and Europeans together ought to lead another round of world talks. Present trading patterns would not in any case be altered much by a trans-Atlantic agreement. But history might well be affected by another treaty drawing China, India and Latin America more deeply into a worldwide regime of open markets.

—THE WASHINGTON POST.

A Down-to-Earth Defense

Of the \$9 billion in defense extras that House Republicans have sent to the floor, the least defensible may be the money for systems to protect the American homeland against missile attack. The Clinton administration favors a local, or theater, missile defense against the short-range missiles that might endanger American overseas forces or American allies. It now falls to the House membership — and, more practically, the Senate — to follow the Bush administration's lead and hold the line on theater defense.

The proponents of the larger system summon up the specter of homeland attack from a sowing Russia or a hostile China or from a nuclear-armed rogue state. They want to move expeditiously toward deployment of a full-fledged "national defense" to close off what they believe to be a condition of American vulnerability. Others, and we think they are right, believe such contingencies are remote enough to be adequately met by existing research programs.

The battered but still-standing arms control agreement known as the Anti-Ballistic Missile Treaty of 1972 is at the center of this battle. It committed Washington and Moscow to forgo the quest for a strategic missile defense as a kind of guarantee to one another that neither would launch an attack. The ABM Treaty left open the option of a tactical, or theater, defense. In Moscow, earlier this month, President Bill Clinton announced expanded cooperation on a sensitive front, undertook to sharpen the somewhat fuzzy line between the permitted theater and the proscribed strategic. For the first time, a Russian (or Soviet) leader and an Amer-

ican president agreed that the ABM Treaty permits a theater defense.

House Republicans were not happy. Many believe the ABM Treaty was flawed from the start in outlawing an unrestricted national defense. They thought Mr. Clinton, rather than affirming the treaty in Moscow, should have renounced it.

A theater missile defense makes sense for a globally minded country with far-flung interests and allies. At this point a national defense does not. Grant what is far from demonstrated: that the country could design, deploy and decide to pay for a defense that worked. That would still leave open whether to proceed. The very effort would signal to Russia and China that the United States now regarded them as enemies and was presumably up to something itself — a reversal of immense importance. Congress shouldn't casually allow fantasies of technological prowess and perfect security to turn American strategy upside down.

—THE WASHINGTON POST.

Other Comment

Chained by the Blackmailers

Maybe the terrorized faces of those defenseless youths in blue berets, handcuffed to the potential targets of NATO bombers are not so important. After all, Serbian blackmail has chained far more important individuals: Bill Clinton, Jacques Chirac, John Major, the United Nations, the whole international community. Today, all stand naked.

—Corriere della Sera (Milan).



Send in NATO Ground Troops, 100,000 or More

By William E. Odom

WASHINGTON — The Bosnian Serbs have once again thrown the cold water of reality in our faces.

During past crises in Bosnia, the United States, Britain and France have unsuccessfully tried to make the realities go away with one diplomatic ruse or another. But this time, with the Serbs holding UN peacekeeping

A large deployment of NATO troops would permit effective diplomacy to begin.

troops as hostages and threatening their lives, the West is entangled in Bosnia in a way it has not been before. Yet we are being offered another half-measure: the Atlantic allies' decision to send in 5,000 British troops, French reinforcements and 2,000 U.S. Marines.

It has long been clear that the only way to deal effectively with the war in Bosnia is through a major change in the balance of military forces on the ground. That means a large deployment of NATO troops committed to an indefinite stay. This would permit effective diplomacy to begin.

The allies cannot hide behind the United Nations. NATO is the only multinational institution with a real potential for action.

A fundamental problem has been the difference in U.S. and European approaches to the war in Bosnia: a course of marginal military deployment does not remove it. American officials' faith in the efficacy of air strikes helped create today's crisis, as the French and British warned that it would. And lifting the arms embargo against the Bosnian government, another favorite U.S. option, makes no sense until UN troops are withdrawn. The European approach has been to try to sell out the Bosnian Muslims, but the Bosnian government, stronger militarily than it was a

year ago, will not lie down and die. The result has merely been to make the UN peacekeeping force a hostage, and not just to the Serbs.

Presumably the differences between the Americans and the Europeans could be resolved if a large NATO military force moved to protect a UN withdrawal. President Bill Clinton has now agreed in principle to permit U.S. forces to join such an operation.

A well-armed operation of this kind might cow all local forces and permit an easy exodus for the peacekeeping troops — but it might not, and NATO forces would then be deeply involved on the ground in "peacekeeping."

Today's crisis demands a return to basics. First, there has been no peace to keep in Bosnia. In fact, their deployment was an imprudent step. The haphazard U.S.-European rescue effort will not change this.

Second, there is nothing to negotiate at this point. The Bosnian Serbs see no reason to accept compromises. For the Bosnian government, compromise is suicidal — and it has the military power to stay alive. If Bosnia did capitulate, Serbia and Croatia would still have unresolved differences, and conflict almost certainly awaits us in Macedonia and Kosovo.

Third, creating conditions favorable to negotiations requires serious changes in the balance of military forces on the ground. NATO will have as much say in talks as it has military forces involved.

Fourth, the half-solution of air strikes did not achieve a change in the local military balance. Why anyone ever thought otherwise is unclear, given the lessons of World War II.

Stripped of the illusions of cozy half-truths, the crisis today presents NATO with a challenge that is likely to define its future, either as a vital, effective security structure for Europe or an empty shell. Sleight-of-hand diplomacy will ensure the latter.

Although public-opinion polls suggest that a military operation large enough to make diplomacy effective is out of the question, it

must be considered. If the alliance cannot deal effectively with Bosnia, questions will arise about its effectiveness in the face of the challenges of potential instability in Central and Eastern Europe.

A NATO force large enough to extract the UN forces is also likely to be large enough to change the local military balance much to NATO's advantage. Once in, it could stay in, an operation that would rely on key strongholds and on mobile assault and reconnaissance.

In 1993 I suggested that a NATO force of 300,000 to 400,000 was necessary for such a mission. After talks with former Yugoslav Army officers, I have reduced the number to 150,000 to 200,000, although my interlocutors say 100,000 would be adequate.

A ratio of two European soldiers to every American soldier would rightly let the Europeans carry the larger burden.

If the 100,000 to 150,000 range is adequate, it might change the popular assumption that the task is beyond reasonable means.

Reasonable against what standard? What really is at stake? Increasingly the answer is becoming the future of the Atlantic alliance.

Eventually, ways may be found to extract NATO and the UN from Bosnia and to "wall off" that corner of Europe. In the current course, basic strategic issues will not be resolved, only postponed. We are not dealing with Somalia, Rwanda or Haiti in this case.

Large parts of the world must remain beyond our military commitments. We cannot be the world's policeman.

Nonetheless, we can secure important strategic regions — Europe, northeastern Asia — and we can maintain a balance of power in the Middle East. Bosnia lies within the most important of these regions.

The writer headed the U.S. National Security Agency from 1985 to 1988 and is now director of national security studies at the Hudson Institute. He contributed this comment to The New York Times.

fighting forces added, under national commands, to cover a withdrawal in strength; pressure on the Bosnians to be good sports and surrender. This would avoid a bloodbath and an unwanted guilty conscience. The problem is with the victims, who prefer to fight.

The Secular Muslim Solution is quietly being bruited about. If the United Nations is paralyzed by terrorists, some suggest turning to Turkey and Pakistan to do for Bosnia's Muslims what the West has no will to do: send the 100,000 troops needed to persuade the Serbs that they could lose everything.

A grateful European Union could make such intercession worth Turkey and Pakistan's while. This romantic notion — stimulated by the picture of Prime Minister Tansu Ciller and Benazir Bhutto visiting Sarajevo — is admittedly far-fetched.

The Fundamentalist Muslim Solution is one that no European wants, but that Serbs invite. Iran is already smuggling arms into Bosnia, and radicalizing secular Bosnian Muslims.

Tehran's idea is to turn the victims into villains: secure a guerrilla foothold in Europe, and — as Iran becomes nuclear with Russia's help — intimidate northward from a base of angry Bosnians.

The Balance of Power Solution is "belated lift-and-strike," now made costlier by delay. It calls for actively taking Bosnia's side.

Stage one: Lift the UN arms embargo, and supply and train Bosnian troops, while removing UN peacekeepers with U.S. air support. Offer up no more hostages. Recognize that eastern enclaves will be overrun; Serbian terrorists will kill tens of thousands of innocents. If most Bosnians are prepared to pay this price for a nation of their own, it is not for the West to fail to arm them.

Stage two: See what heavy bombing does to the Bosnian Serb forces, cut off from Serbia. Such suppressing fire from the air might allow the Muslim advantage in military manpower of 3 to 2 over Serbs in Bosnia to manifest itself.

This last is not a happy or heroic solution. It will cost lives sooner rather than later.

But it levels the killing field. That bloody balancing of power is the only language terrorists understand.

The United States should help only in a withdrawal guaranteed to lead to lift-and-strike.

Outsiders do not have the will to win. Serbs do. So do embattled Bosnian Muslims. Humanitarians must become air-support allies; thus the world can win the war.

The New York Times.

A Victory in the Philippines for Reform and Common Sense

By Philip Bowring

HONG KONG — Confusion, color and corruption filled the headlines about the recent Philippine congressional elections. But the results, at the bottom line, were a victory for common sense, and the future.

The outcome is clearly an endorsement of President Fidel Ramos. Now halfway through a six-year term, he presented the polls as a referendum on his government's performance. Candidates backed by his coalition won 9 of the 12 seats up for election in

the all-important 24-seat Senate, and most of those in the House.

But parties are weak institutions in the Philippines: so individual personalities matter.

Thanks to an antiquated counting process, results are still not entirely clear more than a week after the election, and fraud allegations are being bandied about. However, the overall outcome is generally viewed as fair. A number of mostly encouraging con-

clusions can be drawn from it.

First is the abysmal performance of several old-line politicians. These include three incumbent senators: Juan Ponce Enrile, Ferdinand Marcos's defense minister; Arturo Tolentino, an old-guard politician who had maintained popularity despite supporting Mr. Marcos; and Ramon Mitra, long a leading light of the Liberal Party and a presidential candidate in 1992.

Second is the poor performance of the candidates associated with instant solutions to the nation's problems — notably Gregorio "Gringo" Honasan, the former colonel who led the attempted 1989 coup against President Aquino, and Ferdinand "Bong" Marcos, the 37-year-old son of the former dictator. Mr. Honasan will probably squeeze into the Senate in 11th or 12th place, and the young Marcos still has a remote chance, but considering their name recognition, their poll performances were considered less than impressive.

Names are important in politics, certainly so in the Philippines. First, third and eighth in the Senate poll rankings are offspring of well-regarded former presidents, Gloria Macapagal-Arroyo, Ramon Magsaysay Jr. and Sergio Osmeña. All are viewed as competent and energetic.

Other big winners include two vigorous members of Mr. Ramos's administration: Juan Flavio, the former health minister, who took on the Roman Catholic Church on the issue of contraception, and Franklin Drilon, who as justice secretary showed determination to clean up the justice system.

Mr. Ramos will not have an easy ride in a Senate still dominated by his allies-of-convenience. But there is, in the new

Senate, a general consensus of support for the liberalizing economic policies of Mr. Ramos.

In a few years, polling will start for the 1998 elections. With Mr. Ramos unable to run again, the race will be fierce.

But the recent elections have produced a younger set of potential leaders, better known, like the unflamboyant Mr. Ramos, for getting results than for rhetoric.

International Herald Tribune.

Correction

Because of technical problems, a passage from an article on this page Thursday by David K.P. Li was omitted.

The passage should have read as follows:

"Chinese leaders started their economic reform program more than 15 years ago and remain committed to it. They are managing the transition to a market economy step by step, unlike Russia, which opted for the Big Bang approach. India began its economic reforms with a whimper when the government faced a balance-of-payments crisis in 1991. The country was forced to swallow bitter medicine prescribed by the International Monetary Fund. As a result, the process of reform has been very different."

IN OUR PAGES: 100, 75 AND 50 YEARS AGO

1895: Tensions in East

SHANGHAI — The conspiracy in Korean official circles in favor of securing a preponderance of Russian influence promises to be fruitful of serious complications in the near future. The Korean Prince Min Yonyk, who has been in Shanghai for a long time, is intriguing with a Russian agent from Hong Kong. Russia, it is now reported, is insisting on a total withdrawal on the part of Japan from Korea.

1920: 'Adieu,' Curfew

PARIS — Paris, gently but firmly, slid off the war wagon last night [June 1]. In other words, the war restrictions on cafés, restaurants and places of amusement were lifted by an ordinance of the Prefect of Police — following the recent Ministerial decree — and closing time instead of being 10 p.m., dropped the zero and substituted an A where the P had

been. The folks who pay their rent in the capital couldn't see any reasons for getting wild over the fact that their normal life had been restored to them. In French fashion, they believed in taking the normal normally.

1945: Osaka in Flames

GUAM — Osaka, Japan's greatest industrial center, was turned into a flaming inferno today [June 1] by 3,200 tons of fire bombs dropped during a two-hour raid by 600 Super-Fortresses and escorting Mustang fighter planes. About 450 B29s and 150 Mustangs flew over Osaka at medium altitude at 9:45 a.m., Tokyo time. Hundreds of thousands of the new fire bombs packed with jellied gasoline were dropped into the city's densest concentration of war factories. Pilots returning from the raid on the city, known as Japan's Detroit, described the resultant fires as "melting the clouds in flames."



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OPINION/LETTERS

Who Would Vote Against A Dream?

By Eugene R. Fidell

WASHINGTON — When the Supreme Court overturned the Gun-Free School Zones Act of 1990, the ban on guns within 1,000 feet of a school, it said that Congress had exceeded the government's power over interstate commerce.

But there was a better, nonlegal reason for sinking the statute: its name. The act is one of many laws with names so manipulative that only a brave legislator would dare vote against them.

In the case of the Gun-Free School Zones Act, would urban lawmakers want critics to charge they favored guns in playgrounds?

This trend is not limited to legislation favored by liberals. The Republicans' Contract With America promises the American Dream Restoration Act, the Common Sense Legal Reforms Act and the Job Creation and Wage Enhancement Act.

Who could vote against restoring the American dream, common sense and jobs?

At the other end of the political spectrum, what about the Civil Rights Restoration Act of 1992, which overturned Supreme Court decisions that had narrowed anti-discrimination provisions?

The need for that law aside, its title implied that the 14th Amend-



ment had been wiped off the books. Congress has long passed laws with loaded names. Take the National Industrial Recovery Act of 1933 and the Racketeer Influenced and Corrupt Organizations Act of 1970.

My current favorite is the Healthy Meals for Healthy Americans Act of 1994. Its supporters could claim that foes were pro-heart attack.

If Congress had gone for panache when it named old standbys, what

would it have called the Judiciary Act of 1789, which established the federal courts, and the Securities Act of 1933, which requires disclosure of information needed for informed investment?

The old names were a little boring, but they got the job done. They did not lend themselves to not-so-subliminal suggestions about how a member of Congress should vote.

How about a moratorium on words such as Improvement, Re-

form and Restoration in any act of Congress? The Clinton administration is preparing legislation to correct the deficiency that led the Supreme Court to overturn the ban on guns near schools. Whatever the content, let's hope the new bill will have a less operative title.

How about the Gun Act?

The writer, a lawyer in Washington, contributed this comment to The New York Times.

Doubters in a 'Cordon of Steel'

By Denis Warner

MELBOURNE — By the beginning of June 1945, the Japanese defenses on Okinawa had been broken. A battered American flag flew over Shuri Castle at the southern end of the island, where the Japanese had concentrated for their planned last-ditch stand.

Thousands of Japanese bodies lay in the ruins. Many had committed suicide, disemboweling themselves with hand grenades. In the caves and tunnels of the fortress, the dead piled up. But,

1945 PACIFIC 1995

as American soldiers noted with overwhelming relief, others had begun to surrender in unprecedented numbers.

Before the campaign ended in late June, some 7,000 Japanese troops had given themselves up.

This dichotomy on the battlefield — between suicide and surrender — was reflected at home in Japan, where conditions had become unbearable. Firebombing by U.S. B-29s had reduced Tokyo and most other cities of significance to rubble. Along the eastern seaboard, the heartland of the country's industry and its economy, almost everything had been flattened.

Yet the militarists in Japan were determined not to give up. Aircraft had to be manufactured by cottage industries and held in readiness for the last great battle of the war, when the Americans invaded. Someone drew a large Stars and Stripes on a corner of the Ginza in Tokyo and

passersby were invited to stomp on it. If need be, a hundred million people were to be armed with spears to form what Radio Tokyo in a domestic broadcast called "a cordon of steel."

The B-52s now dropped not only bombs that destroyed cities, towns and villages but also leaflets to tell which places were next on the list.

No one was supposed to pick them up, but they came so thick and fast that it was impossible for the authorities to prevent them being taken back to homes and shelters to be read at night by candlelight or by shaded lamps in the blackout.

On one side of the leaflets was a colored picture of a B-29 dropping firebombs, with circles to show the cities to be attacked. On the other side was a warning: "You are not the enemy of America. Our enemy is the Japanese militarists who dragged you into this war. We believe that peace will make you free from the oppression of the militarists, and a better Japan will be born anew. However, bombs have no eyes, and there is no knowing where they may fall. As you know, America, which stands for humanity, does not wish to injure innocent people, so you had better evacuate these cities."

The predictable impact of this sort of propaganda on popular morale caused dismay among the militarists. To strengthen the pro-war group, Vice Admiral Takajiro On-

ishi, the father of the kamikaze corps and the most resolute of all senior Japanese warriors, was appointed vice chief of the Naval General Staff.

Admiral Onishi wanted the whole nation to follow the kamikaze way and become involved in suicide attacks. "Death is not the objective," he said. "To kill as many of the enemy as possible is the best way of guarding the Imperial land."

Yet, as Admiral Onishi and other last-ditch defenders prepared to make their stand — if need be by sacrificing the lives of tens of millions of Japanese — the peace movement was gradually gaining momentum.

It was a dangerous cause. Even to be in favor of peace was to risk detention. Shigeru Yoshida, the pre-war Japanese ambassador to Britain, had incurred the wrath of the military when he proposed that Japan should seek peace after the fall of Singapore in February 1942, when it could negotiate from a position of strength. The secret police raided his home early in 1945, found what they declared to be incriminating documents and imprisoned him.

In Switzerland a group of expatriate Japanese made contact with John Foster Dulles, then working for the OSS, the forerunner of the U.S. Central Intelligence Agency. Because of resistance from the Japanese Navy, the contact came to nothing.

Other Japanese thought that an approach through Moscow might bring the war to an honorable end. Stalin did not respond.

The first real peace initiative came from Mamoru Shigemitsu, the foreign minister, before he lost office in a change of government during the Okinawa campaign. In addresses to Japan's elder statesmen and the Privy Council, he explained the international situation at length and left no doubt what might happen to the country if war continued.

Bitterly disappointed by the hawkish response from some of those he had hoped to influence, Mr. Shigemitsu turned to the Swedish envoy in Japan to determine what peace terms Washington and London might have in mind. There was still far to go and much pain for the Japanese to endure, but Mr. Shigemitsu had started a process that was to lead to the end of the war.

The writer, who covered the war in the Pacific for Australian and British newspapers, contributed this comment to the International Herald Tribune.

LETTERS TO THE EDITOR

Trade Complaints

About a year ago, you published a letter of mine concerning Karel van Wolferen's pessimism toward the World Trade Organization. Mr. van Wolferen ("The World Trade Organization Is Unlikely to Work," *Opinion*, June 27, 1994) maintained that the primary issue that has undermined the global trade regime was "the incompatibility of institutions that characterize the economies of main participants," and that the WTO would not be able to cope with this. I tried to refute his contention ("Japan and World Trade," *Letters*, July 13, 1994).

Now, following the failure of the Japan-U.S. auto talks, the United States seems to have decided to address what Mr. van Wolferen calls "incompatibility" of the

Japanese economy — presumably excessive regulation and collusion among private companies — in the WTO by bringing its own complaint there. Roy Denman wants Europe to join this action ("Address Japan at the WTO Together," *Opinion*, May 19). Japan would not mind that at all, because we are convinced that an objective solution will be found within the multilateral framework based on international rules — particularly when third countries participate.

However, there is one point that worries me about Sir Roy's opinion. That is his reference to the 1982 GATT complaint filed by the European Commission. He seems to suggest that had the United States supported the EC action then, the European view could have prevailed in the GATT. I doubt if that

would have been the case. I checked the contents of the EC complaint in 1982, and found that the commission asked Japan, among other things, to "adopt a general policy objective of increasing the volume of its imports, and in particular, of manufactured goods." In my view, that is a European version of the Clinton administration's "result-oriented" approach and the request for numerical targets or objective criteria, which run counter to the fundamental principle of the GATT/WTO rules. Did the GATT contracting parties accept such a request in 1982? Of course not. The EC was not able to pursue its complaint in the GATT process to the end. No panel was established, and no rulings or recommendations were made. The U.S. refusal to support the EC was a right decision, at

least with regard to import targets.

If the United States reverses its 1982 position and brings a similar request in the coming WTO consultation, Japan would strongly oppose that. And even in the unlikely event of European support for such a request, the majority of the WTO members would most probably object to it. Setting up a numerical target for imports is nothing but an attempt to manage trade through government intervention. The GATT/WTO aims at securing exactly the opposite — free flow of trade in goods and services on a global basis. Japan would welcome the U.S. challenge in the WTO concerning the auto issue, but the United States should not repeat the EC's mistake of 13 years ago.

ICHIRO ARAKI, Tokyo.

The writer is deputy director of the Trade Policy Planning Office in Japan's Ministry of International Trade and Industry.

Elections on the Web

Regarding "Tracking French Voters in an Imperfect Franglais" (*Cyberspace*, April 24) by Barry James:

I read with interest Mr. James's article concerning the coverage on the World Wide Web of the French presidential elections by two French media organizations. As director of the France 3 service in question, allow me to make a few points.

To put France 3-TV TEL 3 and Radio France Internationale in the same boat made no sense. They have little in common. It is true that the "on" instead of "to" on the in-

troductory page was a glaring error, explained by the fact that the page was copy-edited by a French person. But the entire English-language section of the Web was written and read by American journalists.

The article calls the contents of the service inconsistent, yet it not only presented the platforms of the candidates but also offered a point-by-point comparison of platforms; a precise chapter on the powers and functions of the presidency; and a full campaign rundown. The article criticizes the graphics, yet they were identical to those used to present the results on France 3 television.

Among the 170,000 "hits" we registered that day, many users sent messages of congratulations and encouragement.

SERGE BLIN, Paris.

BOOKS

LAST DANCE AT THE HOTEL KEMPINSKI

Creating a Life in the Shadow of History

By Robin Hirsch. 300 pages. \$24.95. University Press of New England.

Reviewed by Richard Bernstein

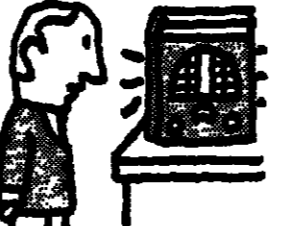
THE Jews are a scattered people. That everybody knows. But just how things have been becomes strikingly clear in the geographical sweep of these two family memoirs, both written by adoptive Americans striving to stitch together wholeness in the face of fragmentation.

In 1988, the family of Robin Hirsch, author of "Last Dance at the Hotel Kempinski," consisted of only eight people, but they lived in five countries. His father's cousin, now of New York City, spent World War II as a refugee in Shanghai. His Berlin-born parents lived in London, his uncle in Amsterdam, his cousins in Israel and Argentina. The larger brood of Victor Perera, whose "Cross and the

WHAT THEY'RE READING

• Thomas Wallace, New York literary agent, is reading "No Ordinary Time: Franklin and Eleanor Roosevelt," by Doris Kearns Goodwin.

"Of all the books about the Roosevelts, none captures with such clarity as this does their personal and political involvement with themselves and the American people during the Depression and World War II." (Lawrence Malkin, *IHT*)



Pear Tree" tells the history of many generations of Sephardic Jews very loosely, joined by a common surname, demonstrates an even broader reach.

Both of Perera's grandfathers were religious emissaries to central Asia. Perera, who now teaches journalism at the University of California at Berkeley, was born in Guatemala of parents who had immigrated to Central America from Israel, where their ancestors had gone from the Greek city of Salonika via Italy and, before that, Spain.

Geographical dispersion, of course, exacts a spiritual toll, and that is perhaps the most

conspicuous common element to these two books.

Perera's story is often a dark one of exile, dislocation, even madness. His great-grandfather Yitzhak Moshe Perera, of Jerusalem, issued a testament at the end of his life prohibiting his descendants from leaving the Holy Land. That man's sons and grandsons flouted the prohibition, the grandsons striving, with mixed success amid constant turmoil, to make their fortune in Central America and, in Perera's mystical view, suffering "the patriarch's curse."

His own father whose father before him was the Sephardic rabbi of Hebron, was caught between religious attachment and the yearnings of modern secularism. That, in turn, led to a botched circumcision performed on the son by a doctor.

A religious circumcision was then ordered when Perera was 5, a "second mutilation," he says, that he came to interpret as an act of reckless expropriation by his father, a symbolic castration, a wish to extinguish a line afflicted by ancestral sin. "By remaining childless, I have internalized my father's unarticulated desires to end the Perera line, and paid the penalty exacted by my great-grandfather," Perera writes.

Hirsch represents a very different branch of modern Jewish history, one more recognizable to Ashkenazic American Jews. His parents met at a dance at the Kempinski Hotel in 1935 and fled Nazi Germany soon afterward to create a new life in England.

Hirsch, the founder of an experimental theater company in New York and the owner of a Greenwich Village café, has written a charming, sometimes very funny personal story.

He makes his way from school in England to hitchhiking trips in Europe to a Fulbright scholarship in the United States and a voyage through American life full of the earnest spiritual searches in the '60s.

What makes his life story worth a whole book is the way he presents his own share of Jewish dislocation as he strove to scramble free of the shadows cast by his parents' tragedy. The wounds inflicted on the father leave their scars on the son.

Hirsch the younger marries a Jewish woman from West Virginia and his uncle, standing in for the father, who refused to be present, makes a wedding toast that distills everyday wisdom out of the Jewish tragedy.

"It is not always happy which counts. Unhappy counts, too," says Uncle George. "When a father does not appear, when a loved one dies, when, God forbid, there is a war, like the war, Robin, in which you were born, in which your grandmothers both died, then you must be together, then you must be strong, then it is when love counts."

Richard Bernstein is on the staff of The New York Times.

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Herald Tribune THE WORLD'S DAILY NEWSPAPER

Life Along the Mekong River, Where the Past Meets the Future in Laos

By Sherry Buchanan

LUANG PRABANG, Laos — It's the dry season and the majestic Mekong River, with its distinct muddy chocolate-brown color, is low, exposing the twisted roots of gigantic trees. We are heading up river to the Pak Ou limestone caves, where the clear, blue-green Nam Ou meets the murky waters of the Mekong.

The caves are about an hour and a half from Luang Prabang, the former seat of the Laotian kings and their court, which blends an Eastern splendor of golden, black and red lacquer temples glistening in the early morning light with the laid-back charm of villages in the south of France. Satellite dishes here and there, beaming in the 10 channels from around the region, alternate with onion-shaped stupas, reminders that change is on its way.

In the quiet streets, rice cakes dry in the sun next to dried sausages and stalls selling freshly baked baguettes. It's 9 A.M. and already hot. The Buddhist monks in saffron robes have returned to the monasteries after an early morning round of begging for their daily rice bowl, the children, girls in their royal-blue sarong uniforms, are in school by 7:30, an older resident reads the paper under a trellis overlooking the river.

On the way to the boat, I stumble through a fairy tale of gold-leaf carvings, red lac-

quered wood and blue, green and pink sparkling mosaics — it's the royal temple Wat Xieng Tong (Golden City Temple). The 8-meter-wide (26-foot) snake-like stairway that slithers down the high banks, guarded by gentle white tigers that look more like giant pussycats, substitutes for piers for the busy boat traffic along the Mekong.

I step onto the narrow boat floating on the liquid brown ("Nice river once you get over the color," comments one jaded visitor), which conjures up apocalyptic Hollywood images and 1970s television newsreels of U.S. military helicopters hovering over the same muddy water, in the Mekong Delta in Vietnam, hundreds of miles downstream. A flashback that only lasts a split second. A Thai-built 5-meter speedboat (*hewa*), with an outboard engine, going full blast, carrying six passengers, wearing crash helmets and with knees pulled up under their chins, zooms by replacing images of war with those of the Southeast Asia of today.

For a little longer, the Mekong will remain Laos's lifeline as a thoroughfare for people and trade stretching uninterrupted by dams for 4,340 kilometers (2,700 miles) from Qinghai Province in China to the Mekong Delta and Ho Chi Minh City in Vietnam, source of water, power and evening baths.

As our wooden boat proceeds up river, trucks along the once virgin right bank are carrying building materials for a new road to the Chinese southern province of Yun-

nan: when it's finished it will be one of the few paved roads in Laos.

Past the new road to China, bamboo forests alternate with flame trees and white, red and yellow banners waving from bamboo poles, reminiscent of medieval heraldic flags, left over from celebrations for the Buddhist new year. A former royal residence belonging to the last king (crown prince), Savang Vathana, stands derelict. There are many tales about the fate of the members of the royal family, who disappeared after the Communist revolution in 1975: Some say they are still alive in a re-education camp, although most United Nations reports agree that the camps shut down in the late '80s; others say they perished in the limestone caves of Sam Neua, in northeastern Laos, where they were being held by Pathet Lao officers who fought a war of independence against the French, the Americans and the monarchists. Others say they died of malaria in their garden in Luang Prabang, as there was no medicine available, certainly a plausible version since the Lao Revolutionary Museum in Vientiane proudly displays museum tablets as part of the benefits of the 1975 revolution.

The boat pulls up along the muddy banks of Ban Xang Hai, a rice-wine-making village with a small temple and two-story teak houses, which at a cost of \$9,000 each are testimony that wine-making is good business. Rice soaked in the Mekong ferments in jars, the river water no doubt giving it

that distinct syrupy sweet taste. A bottle sells for 350 kip and wine makers can make 50,000 kip a month. This is at least twice as much as rice farmers from Kamou and Hmong thatched villages high up in the back country's arid hills where the fields at this time of year, just after the harvest, are still smoldering from the slash-and-burn clearing that creates cataclysmic moon-scapes. The wine makers are Buddhists and have a small temple, and two elderly monks sitting peacefully as you expect monks to sit explain they are waiting for three new recruits, young boys who are orphans or have lost a parent.

AS we approach the limestone cliffs, the swift muddy waters give way to calm natural rock pools, a favorite spot for fishermen. Hazy mountains rise on the horizon, white and black buffalo with their young graze on the river banks, time off before they go back to plow the fields for the next harvest. The Pak Ou caves shelter thousands of ancient and new Buddhas of all sizes left by pilgrims. In the main cave, tall, slim *hiew fone* gentle wooden Buddhas stand elegantly with long curved arms and fingers. Found mainly in Laos, these Buddhas are "calling for rain," a reminder that Laos has little man-made irrigation and hill farmers depend on rain for their livelihood.

We burn joss sticks for the Buddhas and

give a small donation. The rain isn't long in coming, moving swiftly up the river, a storm whips up the sand banks and the clusters of tall (12-foot) bamboo sway in the strong wind like supple reeds making an eerie sound. But the boat heads back under thunder and lightning to the recently restored Wat Long Khoun, a temple dating from the 10th century where Luang Prabang kings spent three days before ascending the throne. On the bridge, is a small Condé Nast plaque, a reminder that the world has discovered Luang Prabang and that its long isolation, for better or for worse, is coming to an end. Luang Prabang is waiting to hear from UNESCO about its place on the world heritage list.

As we arrive back in town, young monks, armed with detergent, are taking their evening bath in the Mekong and doing their laundry simultaneously, holding their saffron robes like sails in the breeze to dry and then draping them back on. As the chocolate-milk color turns to silvery gold and the cicadas from the flame trees and frangipani on the Phou Si, the sacred hill, burst into an anguished chant I head back toward the Villa de la Princesse, recently renamed Villa Santi, along the main drag, once known as the Avenue Auguste Pavie, the French administrator officially referred to in Laos as "the master architect of the occupation of Laos." The city hasn't changed much since 1909, when the French colonial administration imported Viet-

namese laborers to build a hospital, post office, customs house and school, introducing brick and mortar where only wood was used except for its splendid temples. "A French architect *en plein délire*," comments Jean-François Marchal, a young French architect based in Vientiane, who, with his partner François Greck, spent a month in Luang Prabang tracing each structure's history for UNESCO. By the 1920s, local aristocratic families started copying French architecture while retaining Asian details, lotus leaves, *nagas* (the serpent protector of Southeast Asia) and teak floors.

The Villa Santi, one of them. Built in 1929, it was confiscated by the government after 1975 and returned to the family in 1991 and is now a small hotel. The owner and manager of the hotel, who is married to a relative of the royal family, has put on a show of Royal Court dances but only one of the musicians is old enough to have been at the court. We adjourn to the house's veranda, overlooking the main street to solve the world's problems over a few carafes of wine as Chopin gives way to Julio Iglesias. How sweet life seems in Luang Prabang.

Suddenly the lights go out, plunging the town in darkness. The power failure is a stark reminder that the Mekong will not remain untouched much longer.

Sherry Buchanan is a journalist based in Hong Kong.

THE MOVIE GUIDE

Historias del Kronen

Directed by Montxo Armendáriz. Spain.

Montxo Armendáriz directs only his fourth film since 1984. Like the others, it deals with real-life social ills, here the problem of young adults from good Madrid families locked in an endless cycle of booze, drugs, sex and rock music. The scenes at the Kronen bar are repeated night after night, with imperceptible variations that lead gradually to increased tension as the anti-hero, Carlos (Juan Diego Botto), becomes ever more disconnected from his surroundings. He exudes a satanic-like hold over his friends and bedevils his parents, who nonetheless keep financing his nightly jaunts even while scolding his behavior. Armendáriz will lose many

viewers with this repulsive style before reaching the tragic climax. Yet he seems to employ the incessant bar scenes — shot masterfully with keen realism — to reveal just how deadening this lifestyle can be for the 20-year-olds always pushing themselves to false limits. The film condemns their foolish and violent excesses and says quietly that not everything is senseless for Spain's "Generation X."

(Al Goodman, IHT)

The Perez Family

Directed by Mira Nair. U.S.

"The Perez Family," a slow-burning romantic comedy in which Cuban immigrants resolve their troubled love lives in Miami, is too overcooked for its own good. Marisa Tomei's annoyingly over-the-top performance as a curvaceous, earthy

free spirit will attest to that alone. Mira Nair, who made "Mississippi Masala," feels such good luck toward her characters that she goes out of her way to indulge them. But she does so at the cost of the movie: "The Perez Family," which also stars Anjelica Huston, Alfred Molina and Chazz Palminteri in the pot, is an overambitious stew. "The Perez Family" is best when Nair shows her hand: the warm, brown tones of the cinematography or the casting of the wonderful Indian actor Ranjit Chowdhry as the immigration official.

(Desson Howe, WP)

Casper

Directed by Brad Silberling. U.S.

In his transmigration from Harvey Comic to computer-generated movie 'toon, "Casper" has

become the user-friendly ghost. Otherwise, he remains the same lost soul: a lonely little entity stuck in a purgatory without any playmates. In the past, fans weren't encouraged to think of him as the noncorporeal remains of a dead child. But at the beginning of "Casper," a lame but lurid look at the afterlife, the wee phantom is in denial. He knows he's a ghost and that all the other kids are scared of him, but he isn't really dealing with the issue. This is a New Age ghost story, though, and before too long, he learns to accept his demise. The picture was produced by Steven Spielberg's Amblin Entertainment. As expected, it features extra-spectral effects, slews of celebrity guest shots and splendidly decorated sets. For all of that, though, the film is duller than a dead man's eyes.

(Rita Kempley, WP)

High Notes on European Jazz Trail

By Mike Zwerin

International Herald Tribune

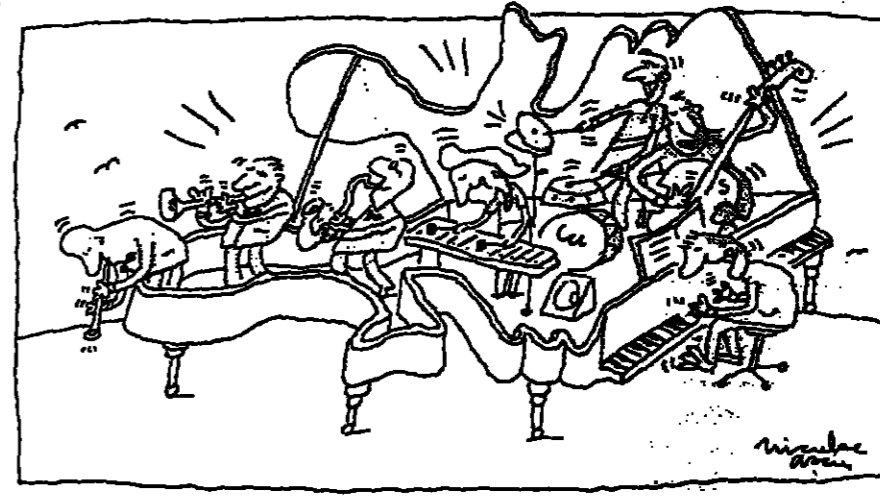
THE phase of jazz as a symbol of protest and freedom is past for the present. Its current incarnation takes the form of high-budget publicly subsidized and/or privately sponsored spectacles for the masses. There will be more than 250 jazz festivals in Western Europe alone this summer. They add up to a major tourist attraction.

You find people of all ages, races and persuasions at these picnics, conventions and fashion shows rolled into music. Jazz has absorbed elements of classical music, folk and rock. You can dance to it, it appeals to both our physical and intellectual sides. It is a flag that attracts other flags in its name.

Many of the festivals fall in July, when the tourists are touring and the weather is reliable. They spin the musicians off to each other to keep costs down. The following listing is by necessity partial and attempts to avoid duplication, although James Brown and his former sidemen Maceo Parker and Bootsy Collins are just about everywhere.

JAZZ A VIENNE, France, June 30-July 13. Although it is one of the biggest and most efficient of them all, the concerts are in beautiful ruins and classified historical buildings. Jazz à Vienne suffers from a location in a petroleum refining town on the autoroute between Lyon and Valence, where you'd otherwise step on the gas. It's kind of like jam sessions on the New Jersey Turnpike ("Gee, Daddy, if we lived here we'd be home now"); Tommy Flanagan, Joe Henderson, Paco de Lucia, Wynton Marsalis, the Jazztet with Art Farmer and Benny Golson, Abdullah Ibrahim (Dollar Brand) and James Brown. De la Ville, BP126, 38209 Vienne Cedex; tel: (33) 74-85-12-62.

JAZZ A JUAN, Antibes/Juan les Pins, France, July 5 and 17-26. Big-time concerts on a large stage for a lot of people sitting in a pine forest: The Blues Brothers, Sonny Rollins, Keith Jarrett, Chuck Berry, Archie Shepp, Ray Charles, Wynton Marsalis, Johnny Griffin and Marva Wright. Maison de Tourisme, 11 Place de



Gaulle, 06600 Antibes; tel: (33) 92-90-53-00.

UMBRIA JAZZ, Perugia, Italy, July 7-16. Perhaps the most to borrow a word from Boris Vian, jazzistic of them all — neither James Brown nor his funkster alumni are programmed. The setting is devastatingly quaint and you have the feeling the attractions have been engaged for no reason other than that their music deserves to be heard: Jim Hall, Lee Konitz, Wayne Shorter, Bill Frisell, Jan Garbarek and the Hilliard Ensemble, Joshua and Dewey Redman, Gary Burton-Milt Jackson Vibes Summit, Buckshot LeFonque (Brandford Marsalis), Joe Zawinul, Mingus Big Band, John McLaughlin and Dr. John. 2 Via Andrea, 2-06122 Perugia; tel: (39-75) 573-2432.

NICE JAZZ FESTIVAL, France, July 7-16. Three simultaneous outdoor concerts from 5 P.M. until midnight in a park on a hill overlooking the city. Music from Dixieland through rap for grandchildren through grandparents: snacks from cotton candy through soul food: The Count Basie Orchestra, Claude Nougaret, Dee Dee Bridgewater, Charlie Haden, A.J. Croce, Fats Domino, Rebirth Jazz Band, Morphine, Neneh Cherry, Taraf de Haïdouks (Romania), Screamin' Jay Hawkins, Mighty Clouds of Joy, Baden Powell and

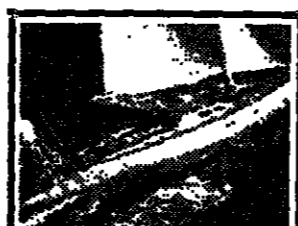
Bootsy Collins. Bureau du jazz, Studios de la Victoire, 16 Avenue Edouard Grinda, 06200 Nice; tel: (33) 93-21-10-00.

MONTREUX JAZZ FESTIVAL, Switzerland, July 7-22. An off-beat around the lake during the day and an accent on "happening" acts in the evening in halls named Stravinsky and Miles Davis. Beware the strong Swiss franc. Tony Bennett/Randy Crawford, Jimmy Smith, George Clinton, Wallace Roney, Neville Brothers, Salif Keita, Body Count, The Specials, Arturo Sandoval, Manhattan Transfer, James Taylor and James Brown. CP 1451, CH 1820, Montreux; tel: (41-21) 313-4567.

NORTH SEA JAZZ FESTIVAL, The Hague, July 14, 15, 16. The ambience might be described as a weekend with music in Heathrow airport. The "biggest indoor jazz festival" consists of 12 concerts, eight hours a day under one roof, the Congress Center. A bit speedy, perhaps, but give them credit for cramming quality in with the quantity: Oscar Peterson, Bud Shank, John Patitucci, Bela Fleck and The Flecktones, Lionel Hampton and The Golden Men of Jazz, George Benson, Zap Mama, Cachao, Gil Scott-Heron, Paolo Conte, Don Cherry, Taj Mahal, Maceo Parker, Bootsy Collins and James Brown. Postbus 3325, 2200-DH Delft; tel: (31-15) 14-89-00.

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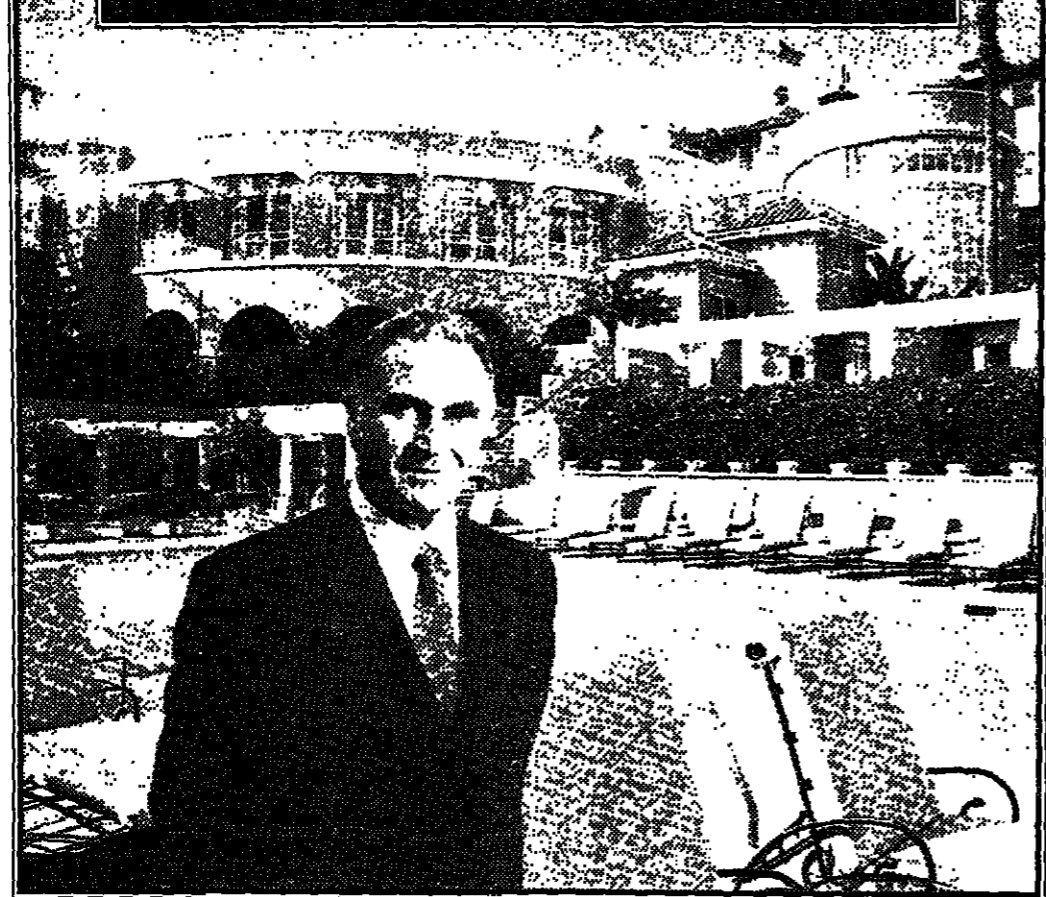
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INTERNATIONAL

Clinton Holds Firm On Bosnia Policy

He Will Weigh Use of Troops In Spite of Heavy Criticism

WASHINGTON — President Bill Clinton, under heavy congressional criticism for suggesting possible use of U.S. troops in Bosnia, said Thursday that he remained "inclined" to send the soldiers if the mission was strictly limited and temporary.

Mr. Clinton's remarks expanded on his announcement Wednesday that he would consider sending U.S. troops to help United Nations peacekeepers regroup to safer, more defensible positions, a policy shift attacked by Republican congressional critics.

In an interview with the Gazette newspaper in Billings, Montana, which was released Thursday by the White House, Mr. Clinton said he had not yet received a request for military support.

"The question has arisen," he said, "if the UN forces want to stay in Bosnia but have to relocate so they can concentrate themselves in more secure areas, if they needed help from us, would we be willing to give it?"

"My instinct is, as long as the mission was strictly limited for a very narrow purpose and it was something that we could do for them that they couldn't do for themselves, upon proper consultation with Congress, I would be inclined to do that," he said.

"But they would not be going there to get involved in war or to be part of the UN mission," the president added.

The new U.S. position, outlined Wednesday in a speech at the Air Force Academy, was a shift from his previous stand that U.S. troops might go to Bosnia only to cover a UN withdrawal or to help monitor a peace agreement.

Republicans pounced on him from all directions following that address.

The Senate majority leader, Bob Dole of Kansas, said U.S. troops should be used only on condition that France and Britain dropped their resistance to lifting an arms embargo on the Bosnian Muslims.

Senator Phil Gramm of Texas, who is vying with Mr. Dole for the 1996 Republican presidential nomination, said Wash-

ington should help its allies withdraw and then lift the arms embargo.

Jesse Helms, chairman of the Senate Foreign Relations Committee, said: "The UN mission in Bosnia has failed. It must be withdrawn and the U.S. should not refuse to assist in its withdrawal. But in no way should American soldiers be sent to Bosnia for any other reason."

Richard G. Lugar of Indiana, another senior Republican senator and presidential contender, took a different tack, saying large-scale North Atlantic Treaty Organization forces should replace the UN peacekeepers.

"The UN force should leave, and NATO will take control of the situation with strong American leadership," Mr. Lugar said.

A Pentagon spokesman, Ken Bacon, said General John M. Shalikashvili, chairman of the Joint Chiefs of Staff, would accompany Defense Secretary William J. Perry to a meeting Saturday in Paris of 14 defense ministers to discuss the Bosnia crisis.

Mr. Bacon said the United States was prepared to offer equipment, logistical support and advice on strengthening UN forces.

Battle in 'Safe Area' Traps Peacekeepers

By Roger Cohen
New York Times Service

SARAJEVO, Bosnia-Herzegovina — As British reinforcements for the UN here moved into Bosnia, fighting erupted Thursday in the eastern Bosnian enclave of Gorazde that illustrated the extent of the peacekeepers' plight.

At the same time, the situation of the almost 300,000 people in Sarajevo moved toward the critical. Bunkers ran out of flour, water and electricity were cut, and main streets were deserted because of intermittent sniping. The Serbian noose around the city was tightened to the point where no international aid is getting in.

Amid a frenzied flurry of international diplomatic and military activity, the weary Sarajevans at the center of it pushed wheelbarrows and baby carriages full of containers of water, cultivated improvised vegetable gardens, sprinted across crossroads exposed to fire, and fed goats, rabbits and chickens on the grassy borders of once-busy city thoroughfares.

The fighting in Gorazde, about 65 kilometers (40 miles) east of Sarajevo, centered on positions on the outskirts of town vacated by UN troops who were forced out or taken hostage by the Serbs after the North Atlantic Treaty Organization bombed a Serbian ammunition depot last week.

In all, 38 British and Ukrainian troops were captured by the Serbs near Gorazde, while others managed to flee toward the center of the mainly Muslim town.

UN military observers reported 350 detonations Thursday as Bosnian government forces and separatist Serbs battled for five strategic observation posts abandoned by the United Nations on the east bank of the Drina River. One emplacement appeared to have fallen to the Bosnian Army.

Some Serbian shelling of the east bank from positions above Gorazde on the west bank fell short and hit the center of the town, which has about 60,000

inhabitants, said a UN spokesman, Lieutenant Colonel Gary Coward.

It is precisely this kind of impasse that the proposed redeployment of the 22,000 UN troops in Bosnia to safer positions and the suggested dispatch of a rapid reaction force of 4,000 to 5,000 Western troops is intended to prevent.

After a long period of confusion, Western governments appear to have decided that they have had enough of "safe areas" like Gorazde and Sarajevo that are unsafe, peacekeepers who are potential hostages, air strikes that offer no solution, and diplomacy unbacked by any credible threat of force.

BELGRADE: New Concessions

Continued from Page 1

supplies to the Bosnian Serbs, a step that if fully effective would have hobbled their war effort. The hope was that as Mr. Milosevic distanced himself from the Serbs in Bosnia, the remaining sanctions, including an oil embargo, could be suspended one by one.

U.S. officials say the cord between Serbia and the Bosnian Serbs has been leaky at best. Still, earlier this month, Mr. Frasure traveled to Belgrade with a proposal for the next round of suspending sanctions. The Serbs rebuffed the offer, insisting that all sanctions be immediately lifted.

After a North Atlantic Treaty Organization bombing raid prompted the Bosnian Serbs to take hostages, U.S. officials reconsidered their stance toward Mr. Milosevic and Mr. Frasure was sent with new orders.

Under the previous U.S. negotiating stance, sanctions were suspended, but held in abeyance, and could have been reimposed if any member of the United Nations Security Council, including the United States, raised questions about Serbia's compliance with the terms of the deal.

The new proposal, officials said, gives the UN secretary-general sole responsibility for judging whether Yugoslavia has carried out its side of the bargain.

U.S. and other Western officials said this approach was worked out among the administration and Britain, France, Germany and Russia, the other members of the Contact Group.

In previous negotiating sessions, the officials said, Serbia has been pressing U.S. negotiators for relief from the embargo on importing oil, an important aspect of the sanctions.

The Serbs wanted permission to import hundreds of thousands of tons of oil a month, the officials said, an amount that would have allowed them to amass a stockpile as insurance against a future embargo.

While the Clinton administration was cool to that proposal, officials said the approach that Mr. Frasure was to convey would allow Serbia to satisfy most of its domestic needs.

In London, researchers said that a 36-year-old laboratory worker triggered April's outbreak in Zaire.

A National Anthem's Discord

Israel's Arabs and Druze Deride 'The Hope'

By Clyde Haberman
New York Times Service

JERUSALEM — It takes roughly 50 seconds to sing Israel's national anthem. As Micha Goldman sees it, that is plenty of time to offend nearly one-fifth of the population.

They are the million Arabs and Druze with Israeli citizenship who feel cannot possibly relate to "Hatikva," a haunting melody of East European origin that means "The Hope" in Hebrew. It is sung with these words:

As long as deep in the heart
The soul of a Jew yearns,
And toward the east
An eye looks to Zion
Our hope is not yet lost
The hope of 2,000 years
To be a free people in our land
The land of Zion and Jerusalem.

"How can an Arab sing about 'the Jewish soul'?" said Mr. Goldman, the deputy education minister. "I want everyone to sing the anthem, but first you have to make it possible for them to sing it."

What the country needs, he says, is a new hope, speaking "to all Israeli citizens," although he offers no specific word substitutions.

When he raised the matter a few weeks ago, he hit a nerve and touched off a debate about the proper symbols for a country of 5.5 million that is about 81 percent Jewish but whose minority ratio, largely Arab, is steadily rising.

That this can be a passionate subject is evident from Mr. Goldman's recent mail, which he says includes death threats.

At heart, it is a debate that has bedeviled Israel since its founding in 1948. It is between those who say that this should be considered a state of all its citizens, and those who reply that it is by definition a Jewish state, recognizing minority rights but making no apologies for less than full equality.

Symbols weigh heavily. One is "Hatikva," written in the late 19th century by Naphtali Herz Imber, a poet from Galicia whose words became part of the Zionist movement's anthem.

Another is the menorah, the Jewish candelabrum that is the official state symbol. Still another is the flag, whose dominant feature is a blue Star of David on a white field.

The flag became an issue recently when Limor Livnat, a member of Parliament from the rightist Likud party, introduced a bill requiring that the banner be flown in all classrooms or at least — in a later compromise amendment — from every school building.

"This is a Jewish state, the only state for Jews," said Ms. Livnat.

But Walid Tzadik, an Arab member of Parliament from the leftist and mostly Jewish Meretz bloc, says the symbols should touch his soul as well.

Mr. Tzadik also is a deputy agriculture minister, which is as high as any Arab has risen in government.

"My identification is as a Palestinian and also as a citizen of the state of Israel," he said. "So I want in every way to be an Israeli. But I can't have equality in that identification if you are giving me purely Jewish symbols like 'Hatikva.'"

In their civil status, the Arabs of Israel are distinct from Palestinian Arabs in the West Bank and Gaza Strip, territories occupied in the 1967 war. Arabs inside Israel, who chose to remain on their land after 1948, are Israeli citizens. Those in the territories are not.

But few would seriously argue that Israeli Arabs are on an equal footing with Jews.

They are not drafted into the army, and face discrimination in jobs, housing and education. Despite attempts by the current government to close the gap, their towns receive disproportionately small shares of state money. No Israeli government has broken a taboo against bringing small Arab-dominated parties into ruling coalitions.

Simply put, many Israeli Jews — perhaps most — question the Israeli Arabs' loyalty, suspecting that they identify with fellow Arabs first and with Israelis a distant second.

Elyakim Hasekri, a Jewish rightist who used to be in Parliament, argues against even pretending that there can be full equality, in symbols or in substance. Above all, he says, the country must preserve its Jewish character.

To let Arabs potentially hold the balance on matters like peace and territorial concessions, he said, "would be self-immolation — sacrificing ourselves on the altar of democracy."

When it comes to rallying 'round the flag, though, some Jews are as reluctant as Arabs. Rigorously Orthodox Jews, known here as Haredim, object to making the banner "a holy object," as some say Ms. Livnat would do, and they object to "Hatikva" for making no mention of God.

It comes as a surprise to some here to learn that, while "Hatikva" is the national anthem, that status is not official. Every once in a while, newspapers point out that even Naphtali Herz Imber was not made a good Zionist by his own words.

He went to what was then Palestine in 1882. But he stayed only six years, moving later to India, where, according to historical accounts, he was won over by Christian missionaries.

PIRATES: Counterfeiting Factories Reopen in China

Continued from Page 1

principal agencies in charge of investigating piracy, acknowledged that the plants had been reopened, but under the supervision of government officials.

"We are still not sure if they continue to manufacture pirate CDs," he said.

The intent of the agreement was not to close the plants forever, he said, but to impose stiff fines and suspend production for one to three months. He acknowledged that none of the directors of the pirate factories had been prosecuted, but he defended his agency's campaign to eradicate piracy. He cited three cases that were brought against film pirates in Nanjing this week.

"We are continuing our in-

vestigations in the provinces," Mr. Gao explained. "If we discover potential violations, we initiate actions against the counterfeiters."

Meanwhile, far from cutting back on compact disk production, legitimate or counterfeit, Beijing is planning to construct yet another CD factory, to be run by its importation corporation.

"With 30 factories in operation," said Albert Wong, director of development in China for the Bertelsmann Music Group, "China could easily supply the world with all the compact disks it would ever need."

The assumption following the February agreement, a European trade negotiator in Bei-

ing said, "was that these beautiful plants packed with all the latest gear would be snuffed up by Western manufacturers in joint ventures. It hasn't happened because the manufacturers are still petrified by the ongoing piracy — and the prospect that they will not be able to set prices."

The only way to stop counterfeiting, he said, is for the audiovisual companies to invest in the plants that are pirating their products.

"Eventually the industry will have to bite the bullet and take the risk of manufacturing the legitimate disks in China," he said, "letting the government and market forces determine the pricing structures."

EU: Debate on Expanding Eastward

BANKER: Ready to Travel

Continued from Page 1

intergovernmental conference, which will actually be a series of meetings involving officials, ministers and heads of government, will drag on into 1997, when Britain must hold an election that polls indicate Mr. Major will lose.

"We know there are two visions that cannot be reconciled, with Kohl at one end and Major at the other end," said Stanley Crossick, head of the Belmont European Policy Center in Brussels.

Just as at Maastricht, which was largely the product of Mr. Kohl and former President Francois Mitterrand, the key compromises are likely to be thrashed out between Germany and France.

U.S. and Portugal Sign Base Accord

Reuters

LISBON — The United States and Portugal signed a five-year accord Thursday granting continued U.S. access to the Lajes air base in the mid-Atlantic Azores Islands. The deal came after four years of haggling over the wording.

This treaty reaffirms the close relations that have long existed between our two countries," Secretary of State Warren M. Christopher told a news conference after signing the agreement during a brief stopover in Lisbon.

Under the new agreement, the United States will no longer pay cash for the right to operate the base but will offer Portugal weapons and military equipment worth \$173 million. U.S. planes have used Lajes as a mid-Atlantic refueling point and a base for maritime reconnaissance patrols since World War II.

At a meeting in Strasbourg with Mr. Kohl two weeks ago, France's new president, Jacques Chirac, said that establishing a joint position with Germany for the EU conference was one of his top priorities.

But French officials echo Britain's wariness about greater majority voting, and back London in its demand for greater voting power for big EU states to prevent them from being outvoted by Europe's Larvies and Luxembourgs.

Although as Europe's biggest country, Germany technically would benefit from such a shift in voting power, one senior German official warned that the proposal would deadlock the Union by upsetting the balance of power between big and small states and fanning fears of German domination.

"Whoever is against qualified majority voting is against Europe," this official said. "It's as simple as that."

EU leaders set up the reflection group, hoping that a high-level group could brainstorm its way out of those entrenched positions.

"We have to think as freely as we can," Carlos Westendorp, Spain's minister for European affairs and chairman of the reflection group, said in an interview.

"If we mix up all these issues with the IGC, we are going into very difficult territory," Mr. Westendorp said.

Correction

In the ITT Sheraton Sponsored Page on Rome (May 31), the fax number of the Sheraton Roma Hotel and Conference Center should have been (39-6) 594-0689. Also, the words "no answer" were missing from the end of the AT&T sidebar.

Continued from Page 1

or better technical advice for its borrowers.

Mr. Wolfensohn said he would spend the next six months trying to "forge for myself a clearer perception, a more explicable statement" of bank priorities. But, he predicted, at the end of that period he would still likely "come back to you and say that poverty alleviation consists of many things."

After Africa and Latin America, Mr. Wolfensohn will visit East Asia and the former Soviet Union in the fall and the Middle East and South Asia in the winter.

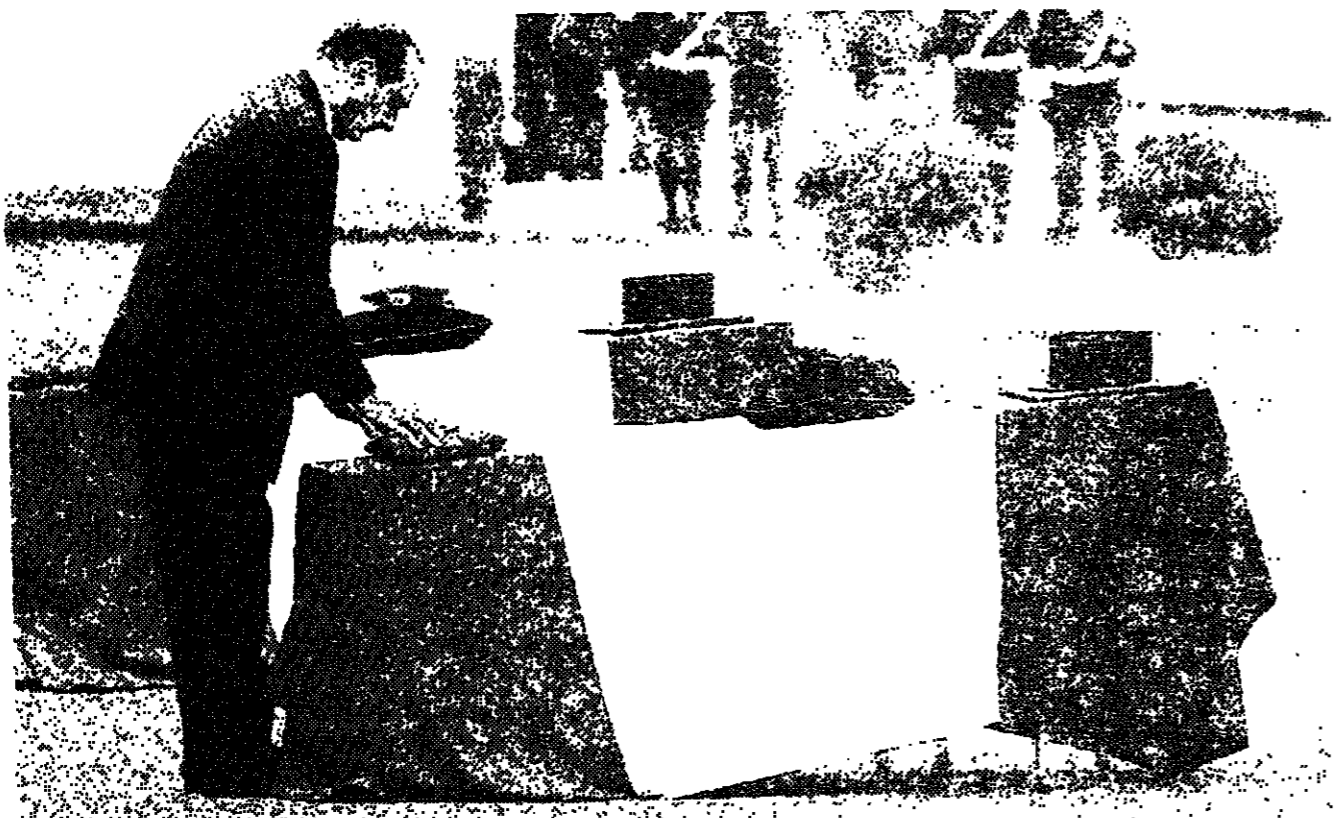
Leaders from the Group of Seven industrialized nations are to debate the World Bank's role as part of a broader review of post-World War II institutions when they gather for their economic summit in Halifax, Nova Scotia, June 15 to 17.

In Washington, Mr. Wolfensohn, 61, is best known as chairman of the Kennedy Center, which he has run on a part-time basis for the last five years while managing his Wall Street investment banking firm, James D. Wolfensohn Inc.

On Wednesday, he reversed himself and said he would step down as chairman of the financially troubled performing arts center at the end of the year.

Mr. Wolfensohn, who left Salomon Brothers Inc. in the early 1980s to do things his way at his own firm, said he hoped the G-7 leaders would not cramp his style.

"What I hope very much personally is that I'll have the opportunity to sit in my chair first and have a chance to work with the other multinational institutions before someone tells me how I should do it," he said.



Mr. Chirac, in Vannes, France, placing military medals on coffins of two French soldiers killed in Sarajevo.

FORCE: France and Britain Step Up Plans for a New UN Backup Army

Continued from Page 1

Bosnian Serbs. The new orders to resist and fire back when necessary were followed last Saturday, when French soldiers seized a bridge that had been taken by the Serbs. The two French soldiers buried Thursday were killed in the ensuing firefight.

Britain's prime minister, John Major, also sought to dispel suspicions that the new force might be part of a rescue mission to liberate the hostages, or even extricate the entire UN force from Bosnia. He emphasized the value of the UN humanitarian aid mission that has saved thousands of lives.

"It is necessary for us to be there," Mr. Major said. "It is not that long ago that people were desperately concerned about what was happening in Bosnia, the ethnic cleansing, the racial-based murder, the mass rape we saw and the dangers of starvation."

The new Western reaction brigade, which is supposed to be established at a meeting of defense ministers from 14 nations here Saturday, would also be authorized to use force whenever necessary to counter potential attacks against UN personnel.

The U.S. defense secretary,

William J. Perry, announced Thursday that he would attend the meeting. A big question in French minds is what role the United States will decide to play.

Britain is expected to muster up to 1,500 troops, including fresh elite units as well as some elements of its existing UN contingent, for what it prefers to call a Theater Reserve Force. France has already sent 500 marines aboard the aircraft carrier *Foch* who are destined to serve in the force.

French officials said they also expect Dutch, Spanish and Italian troops to be assigned to the force, while Germany has promised logistical assistance.

Once the UN troops are

moved into more defensible positions, France's defense minister, Charles Millon said, the principal tasks of the force would be to safeguard UN peacekeepers and prevent any further taking of hostages, try to reopen and secure Sarajevo airport, and clear a permanent land corridor between the main UN supply station in Kiseljic and the Bosnian capital.

■ U.S. Spurs Serbs' Offer

The U.S. secretary of state, Warren M. Christopher, on Thursday dismissed proposals by Bosnian Serbs for negotiations on the release of the UN troops. Reuters reported from Lisbon.

Mr. Christopher said at a news conference that the pro-

posals on Wednesday by the Bosnian Serb information minister, Miroslav Tobic, seemed to be "inviting concessions on the part of the United Nations or the troop-contributing nations."

"We're not prepared to go into talks on that basis," he said, answering questions after signing an agreement with Portugal extending U.S. use of a military base in the Azores islands.

None of the detained peacekeepers are Americans, and Washington has no ground forces in Bosnia. But the United States is one of five countries in the Contact Group seeking to mediate an end to the Bosnia conflict.

Ebola Virus Deaths in Zaire Rise to 164

Reuters

KINSHASA, Zaire — The number of known deaths from an outbreak of Ebola virus in western Zaire rose to 164 on Thursday, and researchers said Zaire would have a six-month wait to find out whether it had beaten the epidemic.

"The good news is that, for the moment, there are no new cases," said Bompanda Bon-

kumo, head of the government committee set up to fight the disease.

"In six months, if we believe that there are no new cases and that all the known cases have recovered or are dead, then we will be able to say we have won," he said.

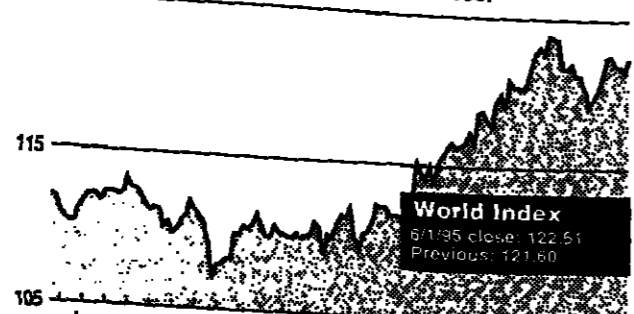
The latest figures, released by the committee Thursday,

showed that out of 211 known cases of Ebola virus, 164 people have died since January in and around the western town of Kikwit, 500 kilometers (300 miles) from the capital, Kinshasa.

In London, researchers said that a 36-year-old laboratory worker triggered April's outbreak in Zaire.

THE TRIB INDEX: 122.51

International Herald Tribune World Stock Index, composed of 250 internationally investable stocks from 25 countries, compiled by Bloomberg Business News, Jan. 1, 1992 = 100.



World Index
6/1/95 close: 122.51
Previous: 121.60

Asia-Pacific
Approx. weighting: 32%
Close: 131.32 Prev.: 130.48

Europe
Approx. weighting: 37%
Close: 128.70 Prev.: 128.16

North America
Approx. weighting: 25%
Close: 111.31 Prev.: 111.30

Latin America
Approx. weighting: 5%
Close: 87.63 Prev.: 88.12

World Index
6/1/95 close: 122.51
Previous: 121.60

The index tracks U.S. dollar value of stocks in Tokyo, New York, London, and other major financial centers. It is a composite of the 250 top issues in terms of market capitalization, otherwise the top 100 issues are tracked.

Industrial Sectors

	Th. close	Prev. close	% change		Th. close	Prev. close	% change
Energy	127.06	125.52	+1.23	Capital Goods	126.31	125.11	+0.96
Utilities	132.24	131.81	+0.33	Raw Materials	138.37	137.73	+1.19
Finance	121.58	120.48	+0.91	Consumer Goods	117.37	116.51	+0.65
Services	113.67	114.11	-0.21	Miscellaneous	132.78	131.45	+1.01

For more information about the index, a booklet is available free of charge. Write to Trib Index, 181 Avenue Charles de Gaulle, 92251 Neuilly Cedex, France.

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Olivetti PCs: Profit or Bust

By James Hansen
Special to the Herald Tribune

IVREA, Italy — Olivetti SpA, Europe's largest computer manufacturer, said that if it could not make money selling personal computers by next year, it might stop making them altogether.

"If we can't make our PC division profitable within 1996, we may get out of that business," said Managing Director Corrado Passera. He added, however, that "we still have 18 months to go and expect to make it."

In spite of being two years into a drastic restructuring, the company last week shocked the market by announcing a 1994 loss of 678.9 billion lire (\$413 million). That is more than \$100 million higher than analysts had been led to expect and a 46 percent jump over the company's sizable loss in 1993.

The black hole pulling down Olivetti profit is, unfortunately, its key business: personal computers. "Olivetti has cut a lot of things, now they should cut out PCs," said Alberto Rolla, an analyst at the Milan brokerage Milla & Co. "We estimate they lost \$150 million selling them last year."

Last year, Olivetti's chairman, Carlo De Benedetti, forecast that the company was "set to reap the benefits of its sweeping reorganization." Personal computers are clearly what has gone wrong with that cheerful vision, and there are signs that corporate patience is running thin.

The restructuring is aimed at streamlining Olivetti and refocusing it on value-added sectors such as service and support activities and away from low-margin hardware manufacturing.

The company's share of European personal computer sales has been steadily eroded, mostly by American competitors such as Compaq Computer Corp., IBM Corp. and Apple Computer Inc. Today, according to the market research firm Dataquest Inc., Olivetti has just 5.3 percent, substantially less than half the 12.7 percent share of the market leader Compaq.

Plans call for the PC operation, together with the office products division, to be carved out of the main body of Olivetti and established as separate companies as a prelude to taking in outside investors.

Mr. Passera said that a probable partner for the profitable office products division, a maker of printers that is shipping a million units a year, is Canon Inc. of Japan. Canon and Olivetti already collaborate in making facsimile machines and photocopiers.

There is greater mystery about the likely partner in PCs. Sources within Olivetti said that some form of preliminary understanding already exists with Hewlett-Packard Co., one of the few strong operators with an interest in developing more PC manufacturing capacity.

Mr. Passera said the separation of the PC division and the search for outside support had been decided in principle but "will not necessarily be executed right away."

A divestiture of the PC operations is unlikely

to affect Olivetti's Acorn Computer Group PLC, a subsidiary in Britain which is attached to the company's multimedia operations. Acorn, whose computers are not compatible with standard PCs, is largely used by Olivetti as a research unit.

Olivetti has been forced to consider the drastic alternative of leaving the business with which it is most closely identified in spite of the successful implementation of a range of tough moves to cut costs and refocus the attention of the company on its most profitable products.

The company has trimmed more than 40 percent of its work force in the last five years, to 32,000 employees, and 2,500 more jobs are expected to go in 1995. It has cut operating expenses from 28 percent of sales to 20 percent and is aiming to reach 18 percent. Low-margin products, particularly down-market PCs, have been ruthlessly eliminated from the catalog.

Olivetti is even allowing the grass on the corporate lawn in front of its Ivrea headquarters to

Olivetti's share of European PC sales has been steadily eroded, mostly by U.S. firms.

grow long so it can be cut, baled and sold as hay. This saves the cost of gardeners and even generates a microscopic amount of revenue.

Mr. Passera, the architect of the restructuring plan, insists that despite problems in the PC business, the rest of the cure is on schedule. "When we set out to rebuild the company in spring '93, we promised an operating profit in '94 and in practice we've achieved that," he said. "I confirm that we fully expect to reach consolidation break-even in 1995," he added.

Olivetti's 1994 operating loss was 16.7 billion lire, a result which Mr. Passera feels shows the company has found its way. The operating loss in 1993 was 20.6 billion lire.

Mr. Passera said a substantial part of the company's 1994 financial losses were one-time items which would not recur in this year's accounts. "We took trading losses last year of 195 billion on share and foreign currency operations," he said, "but the gap that surprised analysts came from our last-minute decision not to conclude the sale of a subsidiary, Syntax Processing."

A bright note is the strong growth of the company's profitable service and support activities. These presently account for a third of overall revenues, a share expected to reach 40 percent within two years.

Olivetti feels that the best news about its future has to do with telecommunications. Its Omnitel cell phone venture is due to begin operating later this year. Beyond that, it has recently signed a range of agreements with Bell Atlantic Corp., Hughes Aircraft Co. and other companies.

"In the next few years, telecommunications will be our fastest-growing source of revenues," Mr. Passera said.

U.S. Data Show Chance Of a 'Bumpy Landing'

Intervention Fears Chill Forex Trades

Compiled by Our Staff From Dispatches

NEW YORK — The dollar fell Thursday against major European currencies, erasing early gains, after several weak U.S. economic reports led to speculation that the Federal Reserve Board would lower interest rates soon.

The dollar closed on Thursday at 84.65 yen, up from a closing rate of 84.56 yen on Wednesday. It closed at 1.4058 Deutsche marks, off from 1.4165 DM on Wednesday even though it had risen as high as 1.4371 DM in Thursday trading.

The economic data helped push the dollar down, said Tom Hoge, corporate currency trader at Bank of New York. A purchasing managers report, factory-orders statistics and weekly jobless claims all pointed to a significant economic slowdown.

Earlier in the session, the dollar had risen to one-week highs against the mark and yen, amid speculation that the U.S. government would buy dollars if the currency faltered.

A buying spree by the Fed, the Bundesbank, the Bank of Japan and many other central banks had sent the dollar soaring on Wednesday. The purchases punished traders who had sold the dollar for other currencies.

The dollar held its gains from Wednesday against the yen because traders were encouraged by cooperation between the Fed and the Bank of Japan in the currency market, analysts said.

The dollar fell 5 percent against the yen late last week amid signs that U.S.-Japan relations were deteriorating. The U.S. has promised to impose sanctions against Japanese autos later this month unless Japan agrees to open its auto market.

"I think the Fed can be deemed successful" in its dollar-rescue, said Graham Brody, manager of currency sales at National Westminster Bank in New York.

"People have to keep an eye out for more intervention," said Dave Glowacki, senior trader at NBD Bank Detroit. "The feeling is that we will see more than just a one day shot."

"It was perhaps the most clever intervention they have done in a long while," said James McCarthy of First Union National Bank. "The timing was perfect, and they did

See DOLLAR, Page 12

WASHINGTON — A spate of negative data released Thursday indicated that the soft-landing scenario for the economy that has taken stocks and bonds to dizzying heights recently is anything but certain.

Yet the bond market rose as the prospect of inflation receded, while stocks recovered from early losses that were caused by fears of a sharper-than-expected slowdown. Stocks finished the day at a record high as investors saw the possibility of reduced interest rates and an economic upswing later in the year.

A report by the National Association of Purchasing Management showed a surprisingly sharp drop in manufacturing activity. The association reported that its overall manufacturing index fell to 46.1 in May, sharply lower than the expected reading of 50.8 and the lowest level in nearly four years.

The group said it was the first time since August 1993 that its survey of 250 purchasing managers had not indicated growth in the manufacturing sector. A number below 50 in the overall index indicates a slowdown in the manufacturing sector.

The Commerce Department provided additional gloomy data. Orders to U.S. factories plunged 1.9 percent in April, the biggest drop in nine months and the first time in nearly two years the orders have fallen for three straight months.

The decline in orders was led by a 4 percent drop in durable goods; the department said that was the biggest decrease in more than three years.

The Labor Department, meanwhile, said new claims for state unemployment insurance rose by 9,000, to a seasonally adjusted 389,000 last week, the highest number in four months.

Earlier Thursday, the government reported that personal income and spending each rose a moderate 0.3 percent in April.

Consumer spending, which accounts for about two-thirds of U.S. economic activity, powered the economy to its strongest performance in a decade in 1994.

But spending started to slow during the Christmas season, and the slowdown persisted in early 1995, weighed down by rising borrowing costs and slowing growth in employment. In April, the unemployment rate jumped to 5.8 percent from 5.5 percent in March.

These reports came after Wednesday's announcement that gross domestic product, the government's broadest gauge of economic

See STOCKS, Page 12

WALL STREET WATCH

Stock Buyers Need Not Fear Heights

By James K. Glassman
Washington Post Service

WASHINGTON — With the stock market now up 23 percent since last summer, many investors will be wondering whether this is too dangerous a time to buy stocks. The market will have to come back to Earth sometime; should the investor wait until it does?

The answer is: Absolutely not, for two reasons:

First, trying to guess the high point of the stock market is an impossible task. Second, "market timing" — as this elusive goal is called — will not help you much anyway.

Analysts at Capital Research and Management Co. told this exercise: They invented a fellow called "Louie the Loser," who every year put \$5,000 into Investment Co. of America, an actual mutual fund managed by Capital Research that has produced returns that closely track the market as a whole.

As his name implies, Louie the Loser had terrible timing. Each year, he chose the worst possible day to invest his \$5,000 in ICA: the day the Dow Jones industrial average hit its annual peak.

Still, after 20 years, Louie's total investment of \$100,000 had grown to \$441,000 — an average annual return of 13 percent.

Louie's opposite number, an imaginary perfect market timer who invested \$5,000 the day the market hit its low each year, scored a return of 15 percent — not a lot of difference.

The reason is that time, not timing, is what matters. The best strategy is to buy stocks early and often — and to resist the urge to bail out when the going gets tough.

That is the message of the best book I have read on the market in years, "Stocks for the Long Run," by Jeremy Siegel of the Wharton School of Business. After extensive research covering two centuries of financial history, Mr. Siegel con-

Time, not timing matters. The best strategy is to buy stocks early and often — and to resist the urge to bail out when the going gets tough.

cluded that "the constancy of the long-term, after-inflation returns on stocks was truly astounding."

Unless the investor's time horizon is very short — and it is a good idea in any case to tack money that will be needed in the short term into high-rated bonds and money-market funds — stocks not only return far more than the alternatives, Mr. Siegel said, they are "actually safer than either government bonds or Treasury bills."

If the Louie the Loser story does not give you solace, then consider Mr. Siegel's analysis of the "Nifty 50," the hot growth stocks of the early 1970s. Investors bid these institutional darlings —

such as Xerox Corp., Coca-Cola Co. and Merck & Co. — up to astonishing levels. In 1972, they sported average price/earnings ratios of 37, or about double the P/E of the market as a whole. One-fifth of the Nifty 50 stocks had P/E's over 50; Polaroid Corp. had a P/E of 90, McDonald's Corp. a P/E of 60.

The conventional wisdom then became that these stocks were vastly overvalued, and that anyone who bought them as "one-decision" investments, as some were calling them, had to be a fool.

But the conventional wisdom was wrong. In his study, Mr. Siegel assumed an investor bought a portfolio of the 50 stocks in 1972, at the peak of the frenzy, and held them through 1993. Total return for the period averaged 12 percent annually, or slightly better than the market as a whole and well ahead of bonds (9.2 percent) and Treasury bills (7.4 percent).

This is a timely lesson for investors who are thinking about buying shares in great companies at prices that seem high. If I were putting together a Nifty 50 portfolio to last into the next century, for example, I would begin with companies such as Motorola Inc., which has tripled in price over the past three years and trades at a P/E of 22; Microsoft Corp., at a P/E of 35; Home Depot Inc., with a P/E of 29; and McDonald's (an original Nifty 50 stock), with a current P/E of 20.

Are they overvalued? Probably. But in the long run, their earnings should overcome that drawback, even if the market takes a dive in the meantime.

Ex-Honda Executives Convicted in Scam

The Associated Press

CONCORD, N.H. — Two former executives of American Honda Motor Co. accused of accepting kickbacks in a nationwide scam were convicted Thursday on all charges. Prosecutors said it was the largest commercial bribery case ever.

Dennis Joselyn, once the sales manager of West Coast Honda, and John Billmyer, former senior vice president, were convicted in U.S. District Court of taking bribes from dealers in return for preferential treatment in getting sought-after cars and dealerships, mostly in the booming 1980s.

The bribery and kickbacks in more than 30 states spanned a decade and peaked when Hondas and Acuras were in hot demand and short supply. At times, cars

were sold for thousands of dollars more than the sticker price.

Both men were convicted of conspiracy. Mr. Joselyn, 48, faces up to 30 years in prison. Mr. Billmyer, 65, faces up to five years in prison.

Mr. Joselyn contended that Honda knew of and condoned the kickbacks, but the company denied it. He also was convicted of racketeering and mail fraud for skimming money from sales training and advertising programs. His lawyer said he would appeal.

Mr. Joselyn, Mr. Billmyer and other executives were accused of accepting \$15 million in watches, fur coats, furniture, suits and college tuition from car dealers between 1979 and 1992.

Sixteen former Honda and Acura executives, two former dealers, an advertiser and a lawyer had pleaded guilty earlier to charges that included racketeering, perjury and mail fraud.

Two others have pleaded not guilty and are awaiting trial.

Prosecutors said that American Honda, based in Torrance, California, was the principal victim in the case because it now faces millions of dollars in lawsuits from dealers who did not receive preferential treatment.

American Honda said the convictions "close the book on a painful and difficult period in our history." Honda said it has "absolute confidence and trust in the integrity of our thousands of loyal and honest dealers and employees."

Allied Integrates Domecq, Trims Management

Compiled by Our Staff From Dispatches

LONDON — Allied Domecq PLC on Thursday announced the full integration of its Spanish acquisition, Pedro Domecq and surprised analysts by eliminating the job of David Jarvis, who headed the company's liquor operations.

The move brings all Allied and Domecq liquor brands together 13 months after the British group's \$739 million (\$1.17 billion) takeover, bringing Ballantine's scotch and Canadian club whiskey together with Presidente brandy.

The company's stock rose 5 pence, to 529.

Analysts were surprised by the departure of Mr. Jarvis, who had spent 23 years with the company. He was a well-known industry figure and had helped build Allied into the world's third-largest liquor company after Grand Metropolitan PLC and Guinness PLC.

After the departure of Mr. Jarvis, the Allied Domecq Spirits & Wine division's managers will report directly to Tony

Hales, chief executive of the parent company.

Meanwhile, George McCarthy, president of the spirits division's North American operations, and David Scotland, who is responsible for European distribution, will join the board.

A spokesman said the reorganization was designed to streamline communication and reduce overhead. He said that jobs may be cut in the future.

The changes will take effect Sept. 1. (Bloomberg, Reuters)

CURRENCY & INTEREST RATES

Cross Rates									
	1 USD	1 DM	1 SF	1 YEN	1 GBP	1 HKD	1 AUD	1 NZD	1 CAD
American	1.00	1.66	6.55	106.48	0.75	7.76	0.69	0.62	0.71
British	0.65	1.00	4.35	157.48	1.00	10.33	0.92	0.84	0.97
French	0.15	0.24	1.00	166.63	0.13	1.33	1.00	0.91	1.06
German	0.60	1.00	6.55	166.63	0.75	7.76	1.00	0.91	1.06
Japanese	0.0094	0.0156	0.0156	1.00	0.0074	0.0771	0.0069	0.0062	0.0071
Swiss	0.15	0.24	1.00	166.63	0.13	1.33	1.00	0.91	1.06
Canadian	0.71	1.06	1.06	106.48	0.97	10.33	0.91	1.00	1.00
Australian	0.69	0.92	0.92	106.48	0.92	10.33	1.00	1.00	1.00
New Zealand	0.62	0.84	0.84	106.48	0.84	10.33	0.91	1.00	1.00
South African	0.62	0.84	0.84	106.48	0.84	10.33	0.91	1.00	1.00
South Korean	0.0008	0.0014	0.0014	0.0100	0.0006	0.0062	0.0006	0.0006	0.0007
Chinese	0.0008	0.0014	0.0014	0.0100	0.0006	0.0062	0.0006	0.0006	0.0007
Indonesian	0.000001	0.000002	0.000002	0.000013	0.000001	0.000012	0.000001	0.000001	0.000001
Thai	0.000001	0.000002	0.000002	0.000013	0.000001	0.000012	0.000001	0.000001	0.000001
Philippine	0.000001	0.000002	0.000002	0.000013	0.000001	0.000012	0.000001	0.000001	0.000001
Malaysian	0.000001	0.000002	0.000002	0.000013	0.000001	0.000012	0.000001	0.000001	0.000001
Singapore	0.000001	0.000002	0.000002	0.000013	0.000001	0.000012	0.000001	0.000001	0.000001
Chinese HK	0.000001	0.000002	0.000002	0.000013	0.000001	0.000012	0.000001	0.000001	0.000001
Chinese Mainland	0.000001	0.000002	0.000002	0.000013	0.000001	0.000012	0.000001	0.000001	0.000001
Chinese Taiwan	0.000001	0.000002	0.000002	0.000013	0.000001	0.000012	0.000001	0.000001	0.000001
Chinese Hong Kong	0.000001	0.000002	0.000002	0.000013	0.000001	0.000012	0.000001	0.000001	0.000001
Chinese Macao	0.000001	0.000002	0.000002	0.000013	0.000001	0.000012	0.000001	0.000001	0.000001
Chinese Shanghai	0.000001	0.000002	0.000002	0.000013	0.000001	0.000012	0.000001	0.000001	0.000001
Chinese Beijing	0.000001	0.000002	0.000002	0.000013	0.000001	0.000012	0.000001	0.000001	0.000001
Chinese Tianjin	0.000001	0.000002	0.000002	0.000013	0.000001	0.000012	0.000001	0.000001	0.000001
Chinese Chongqing	0.000001	0.000002	0.000002	0.000013	0.000001	0.000012	0.000001	0.000001	0.000001
Chinese Chengdu	0.000001	0.000002	0.000002	0.000013	0.000001	0.000012	0.000001	0.000001	0.000001
Chinese Kunming	0.000001	0.000002	0.000002	0.000013	0.000001	0.000012	0.000001	0.000001	0.000001
Chinese Yunnan	0.000001	0.000002	0.000002	0.000013	0.000001	0.000012	0.000001	0.000001	0.000001

Eurocurrency Deposits									
	1 month	3 months	6 months	1 year					
Swiss Franc	3 1/2 %	3 3/4 %	4 1/4 %	4 3/4 %					
Sterling	4 1/4 %	4 1/2 %	4 3/4 %	5 1/4 %					
French Franc	4 1/4 %	4 1/2 %	4 3/4 %	5 1/4 %					
Yen	4 1/4 %	4 1/2 %	4 3/4 %	5 1/4 %					
ECU	4 1/4 %	4 1/2 %	4 3/4 %	5 1/4 %					
Sources: Reuters, Lloyd Bank									
Rates applicable to interbank deposits of \$1 million minimum (or equivalent).									

Money Rates									
	1 month	3 months	6 months	1 year					
Swiss Franc	3 1/2 %	3 3/4 %	4 1/4 %	4 3/4 %					
Sterling	4 1/4 %	4 1/2 %	4 3/4 %	5 1/4 %					
French Franc	4 1/4 %	4 1/2 %	4 3/4 %	5 1/4 %					
Yen	4 1/4 %	4 1/2 %	4 3/4 %	5 1/4 %					
ECU	4 1/4 %	4 1/2 %	4 3/4 %	5 1/4 %					
Sources: Reuters, Lloyd Bank									
Rates applicable to interbank deposits of \$1 million minimum (or equivalent).									

United States									
	1 month	3 months	6 months	1 year					
Swiss Franc	3 1/2 %	3 3/4 %	4 1/4 %	4 3/4 %					
Sterling	4 1/4 %	4 1/2 %	4 3/4 %	5 1/4 %					
French Franc	4 1/4 %	4 1/2 %	4 3/4 %	5 1/4 %					
Yen	4 1/4 %	4 1/2 %	4 3/4 %	5 1/4 %					
ECU	4 1/4 %	4 1/2 %	4 3/4 %	5 1/4 %					
Sources: Reuters, Lloyd Bank									
Rates applicable to interbank deposits of \$1 million minimum (or equivalent).									

Forward Rates									
	1 month	3 months	6 months	1 year					
Swiss Franc	3 1/2 %	3 3/4 %	4 1/4 %	4 3/4 %					
Sterling	4 1/4 %	4 1/2 %	4 3/4 %	5 1/4 %					
French Franc	4 1/4 %	4 1/2 %	4 3/4 %	5 1/4 %					
Yen	4 1/4 %	4 1/2 %	4 3/4 %	5 1/4 %					
ECU	4 1/4 %	4 1/2 %	4 3/4 %	5 1/4 %					
Sources: Reuters, Lloyd Bank									
Rates applicable to interbank deposits of \$1 million minimum (or equivalent).									

The 1,000 most-traded National Market securities in terms of dollar value, updated twice a year.
The Associated Press.

	20	21	22	AveTCh	B-C	21	22	23	24	25	26	27	28	29	30	31	32	33	34	35	36	37	38	39	40	41	42	43	44	45	46	47	48	49	50	51	52	53	54	55	56	57	58	59	60	61	62	63	64	65	66	67	68	69	70	71	72	73	74	75	76	77	78	79	80	81	82	83	84	85	86	87	88	89	90	91	92	93	94	95	96	97	98	99	100															
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62	12	WRT	55	4	11	574	124	175	175

Thursday's 4 p.m. Close
(Continued)

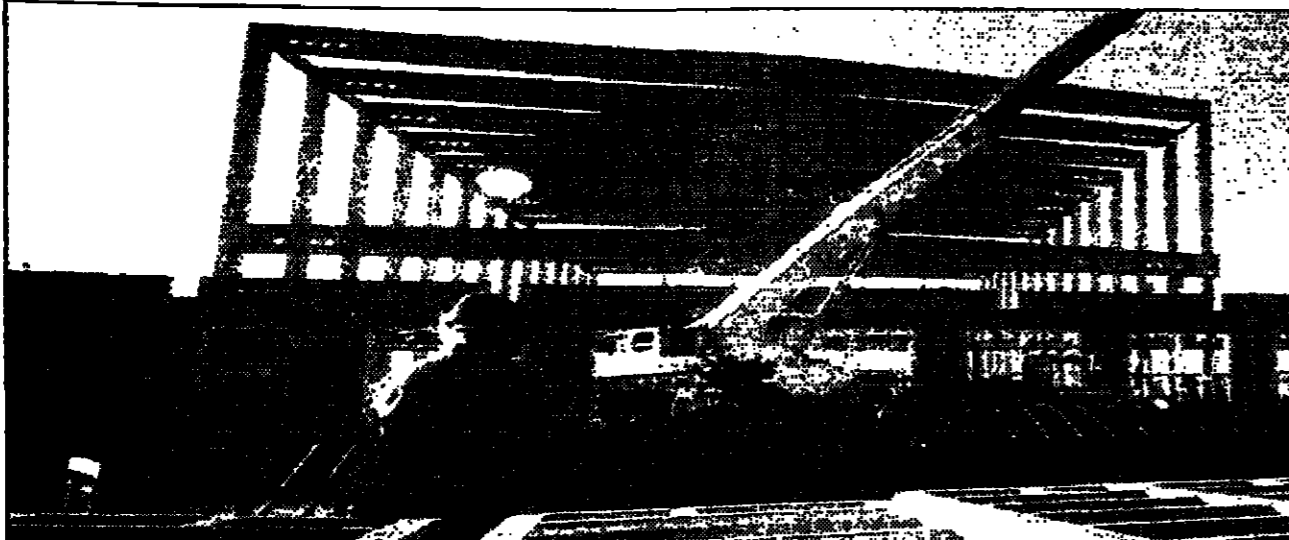
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June 1, 1995

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EMERGING MARKETS: EASTERN GERMANY



Cumulative growth in gross domestic product of 70 percent over the last five years has given Germany's new states an economy worth 345 billion Deutsche marks (\$240 billion), comprising several core markets. An advanced financial system provides the products and services that circulate this vast and growing mass of income and investment to, through and from the new states. This capital is then transformed into modern production facilities, houses, roads and office buildings by a highly adept commercial investment and real estate sector. These, in turn, form the components of the business, residential and scientific communities put together by public and private-sector planners and project development teams.

DEVELOPMENTS OFFER AMENITIES AND SECURITY, TOO

Commercial property is going strong outside Berlin.

Throughout 1994, Germany's economic planners were watching for a strong takeoff in one sector while hoping for a soft landing in another. The takeoff was hoped for in Eastern Germany's industrial sector, the region's laggard during the first few years of reunification. A soft landing was the planners' best realistic scenario for the new states' commercial real estate sector. After four successive years of high-flying growth, it was predicted to run up a glut of completed facilities while running out of investors willing to buy them.

The industrial takeoff materialized, as did strong new demand for commercial property, with investment in real estate rising 21.6 percent in the new states in 1994, according to Deutsche Bau- und Bodenbank AG. The glut never showed up.

Staying aloft

A 19.1 percent rise in industrial production in 1994 powered Germany's new states to a 9.2 percent increase in gross domestic product, outpacing even the most optimistic of forecasts. This growth, in turn, has been one factor keeping the real estate market aloft, albeit at lower altitudes.

"Displaying a great deal of broadly spread buoyancy" was how Germany's Handelsblatt business daily described the real estate sector in the new states in early May. A new influx of investors has stabilized rates of vacancy at 10 percent in most major markets. The influx has also pushed prices and total sales of prime commercial properties to a modest rise over the last six months.

According to property developers in the new states, this buoyancy is the result of a new wave of demand.

Better with age

"In our case, I wouldn't call it a second wave, but rather a continuation and maturing of the first," says Philip Jones, managing director of Horsham Properties Ltd. A subsidiary of Toronto's Horsham Corporation, the Berlin-based company is the developer of the high-profile Brandenburg Park, located 11 kilometers (7 miles) south of Berlin.

"The new states' growth has led such first-wave investors as Coca-Cola, Total and Ford to rapidly mature, develop and diversify their activities in the region," says Mr. Jones. "In the past, companies had been denied the opportunity to do that by Berlin's congestion and high prices. It is this availability and affordability — coupled with our amenities and our track record — that have attracted investors to move to Brandenburg Park."

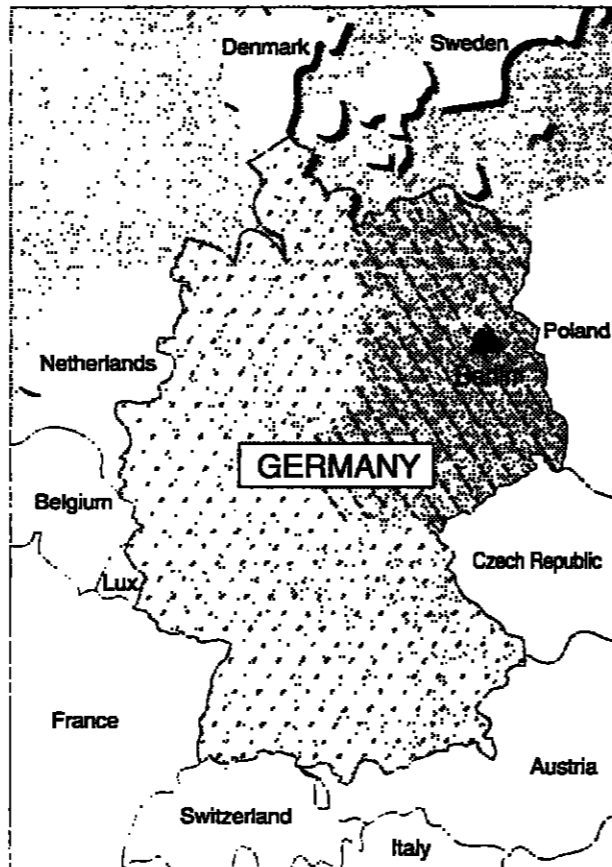
There have been enough investors, in fact, for Brandenburg Park to have already placed 75 percent of its first 81-hectare (200-acre) tranche of land. The total of 32 investments amounts to 200 million Deutsche marks (\$138 million), by far the largest recorded by any of the 300-odd developments striving to secure a share of investment from Berlin. At 220 hectares, Brandenburg Park is also the largest development area in the region and in Germany.

Lords of the Ring

Like Brandenburg Park, many of the other developments are clustered around the Berliner Ring, the city's beltway, and specifically its southern segment, an area which is home to such major corporate investors as Daimler-Benz and BMW/Rolls-Royce, and to thriving communities such as Potsdam and Teltow.

"We're partially responsible for this clustering," says Mr. Jones. "In 1991, when Horsham announced that it would set up a park in Genshagen, Brandenburg, the first reactions were: Where's Genshagen? Since then, the area has grown into Berlin's major business artery, very much putting the location on greater Berlin's commercial map."

As they have grown in number, the developments now clustered along the Berliner Ring have also displayed in-



creasing diversity. Today's Berlin Ring features a plethora of lower-end, "five S" (stakes, signboards, streets, sewage lines and supply of power) developments of varying successfulness.

Investment security

The Ring's scattering of upper-end developments has the kind of improvements and amenities expected of international business parks: land-use planning that integrates business needs into the area's ecology and aesthetics, a mix of site sizes and uses, and a full range of transport, telecommunications and other service links.

SAVINGS BANKS PROFIT FROM CLOSE COMMUNITY TIES

Cultivating growth at the grass-roots level is the specialty of the new states' savings banks, which have seen loans and deposits mushroom.

Long in unofficial circulation in East Germany, the Deutsche mark became the currency of the realm at the stroke of midnight on July 1, 1990. Within the course of the following morning, a frenetic wave of activity broke out.

Over the next few weeks, East Germans rushed to spend, save, buy and sell in their new currency. Ninety percent of this 128 billion DM (\$88 billion) in transactions took place through the country's Sparkassen, or savings banks.

This occurred without any major hitches, even though the Sparkassen themselves were in the midst of their own transition.

Overhaul

On May 18, 1990, the two Germanys agreed to unify their economies. Within a few days, teams of executives and experts from the two countries' Sparkassen organizations had formulated plans for an unprecedented revamping and restructuring of the East's savings banks.

Within a few weeks, construction had already started on the first new outlets. Meanwhile, the existing ones were being upgraded and re-equipped with everything from functioning telephones to state-of-the-art financial transaction networks. Total investment to date: well over 7 billion DM.

"EMERGING MARKETS: EASTERN GERMANY" was produced in its entirety by the Advertising Department of the International Herald Tribune. It was sponsored by Deutsche Sparkassen- und Giroverband e.V., Horsham Properties Ltd., Potsdam Center Entwicklungs-ges.m.b.H., the City of Potsdam, Entwicklungsträger Bornstedter Feld, Grell & Graaff, Euromedien Babelsberg GmbH and the display advertisers. WRITER: Terry Swartzberg is a business writer based in Munich. PROGRAM DIRECTOR: Bill Mahder.



Development with a human face: top left, construction at Brandenburg Park; above, visitors at Babelsberg Studios; right, bicycle-friendliness at Brandenburg Park.



Sometimes, however, the developer offers even more. "In a high-end development like Brandenburg Park, investment security is part of the package," says Mr. Jones. "It stems from the developer's adhering to a binding plan as to the development's long-term future, management form, makeup of its surroundings and other items critically affecting the individual investment's value over the long run. This security comes at a premium, but it's a premium our investors seem to feel is well worth paying."

Supplying these amenities has not come cheap for Horsham Properties, which has already invested 100 million DM in the development over the last four years. It had spent

two years before that sounding the uncharted waters of the unsettled property market in Berlin and Brandenburg.

"As the numbers and time-scale indicate, this is obviously not a short-term, shoestring kind of operation," continues Mr. Jones. "Setting it up and seeing it through would only be possible for a company of Horsham's resources." With headquarters in Canada, Horsham is a major international group active in energy, minerals and property development.

"For investors, our clinching asset is Horsham's track record," says Mr. Jones. "It's the track record, after all, that provides the weight behind the promises contained in the property prospectuses."

nearly across-the-board increases in individual capital adequacy ratios and reserves — both already very high — and very low levels of loan write-offs.

Which raises an interesting question: Have the savings banks managed to partially disengage themselves from their communities' economies?

Locally involved

"Quite the opposite," says Mr. Köhler. "We started out as the most local, most involved of all the banking groups in Germany's new states — and we've gotten more local, more involved since then. In fact, that's the reason we've been flourishing — and one reason for the progress of our communities."

Self-reliance

"We're strictly decentralized," explains Mr. Köhler. "Each of our savings banks manages its own affairs and lives from its own local market."

This makes for a close, interdependent relationship between the bank and its customers: in a typical East German community, three-quarters of the residents are savings bank customers, and the bank handles 40 percent of financial business transacted in the community.

Because of this closeness, and because a number of communities and industrial monocultures have been struggling with the problems of reconstruction, it would not be surprising to find a number of struggling savings banks. In point of fact, these have become a rare species over the past few years. Savings banks show

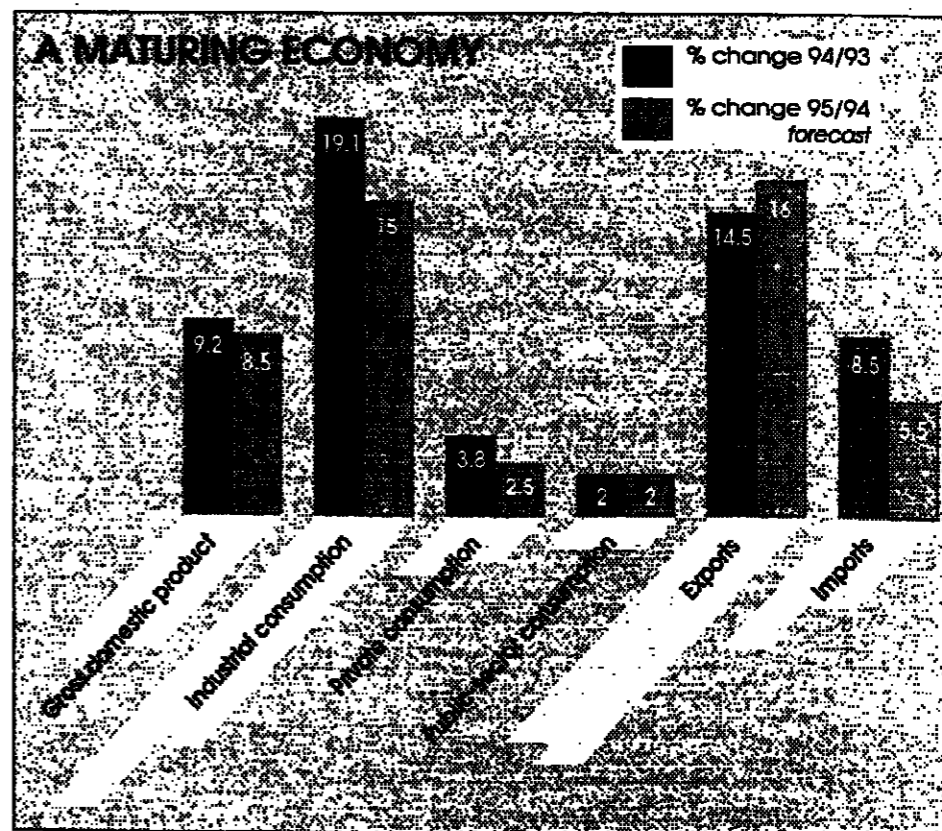
ties. Our savings banks are generally managed by people who have spent much of their lives in the local area, people who have been dealing with their customers on a day-to-day basis for a number of years. As a result, the managers know their customers' businesses inside-out, and they know what services and what assistance the customers need to operate profitably. From this expertise, the managers also know how to appraise projects and evaluate the risks involved — essential in the banking business."

He adds: "And because local residents are receiving the services they require in the community itself and from people enjoying their trust, their accumulating

wealth is often entrusted to the savings bank, thus staying and working in the community."

As Mr. Köhler is the first to point out, for a bank to manage its affairs independently is not necessarily the same as going it alone. "Through the Landesbanken [central, state-level credit institutions whose equity is partially held by local savings banks], the new states' savings banks have access to a wide range of advanced services," he says.

Through various regional and national-level programs, some 100 million DM has been spent on training the banks' executives and staff on the use of the latest technical and market developments.



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A JOURNEY BACK IN TIME AND INTO THE FUTURE

A new city center near the railroad station is in the works in Potsdam.

For many people, the initial point of arrival in Potsdam is anything but impressive. The Potsdam-Stadt train station area is a nondescript sprawl of tracks and fast-food stands.

For Potsdam's urban planners, the area constitutes an important "missing link." To the station's southeast is Brandenburg's governmental quarter, in which a new parliament building is being constructed, and beyond that lies Babelsberg, with its scattering of villas and parks. To the area's north and northwest, across the Havel River, is the city's historic quarter.

Continuity
Linking these areas into a continuum will be the Potsdam Center, 18 hectares (45 acres) of apartments, offices, shops, green areas and transport links. Through new and upgraded train, bus and streetcar lines and stations — and a bridge over the Havel — the center will "more than live up to its name," says Germanus Pause. He is managing director of LEG (Landes-entwicklungsgesellschaft für Städtebau, Wohnen und Verkehr des Landes Brandenburg), the state's project development agency, responsible for Potsdam Center Entwick-

lungsgesellschaft mbH, developer of the 2.2 billion Deutsche mark (\$1.52 billion) facility, along with Roland Ernst, one of Germany's leading private developers.

Careful restoration
After arriving, most tourists make their way from the train station to downtown Potsdam's pedestrian zone, a bit less than a kilometer away and arguably one of the most beautiful areas in Europe. Painstakingly restored 18th-century shops and restaurants are to be found throughout the neighborhood.

The challenge here stems from the amount of work involved in restoring each 18th-century building — and doing that while installing state-of-the-art infrastructure," says Mr. Kaminski. An increasing number of tourists, media technicians and executives, and investment specialists head from the station toward the borough of Babelsberg, a kilometer and a half to the southeast. Nearly all of the tourists (500,000 over the last 12 months) come to see Babelsberg Studios, for 84 years the Hollywood of whatever Germany it happened to be part of.

For the technicians and executives, the trip to the

studios is their daily commute. Studio Babelsberg's initial "development program" includes six major films and two international miniseries.

The studios, in turn, form the core of what is collectively referred to as Media City Babelsberg, whose ultimate owner-developer is France's mighty Compagnie Générale des Eaux.

Nurturing talent
In various stages of planning, construction and operation are production, post-production and office space for young, innovative media companies and local broadcasters: a film academy; a hotel and restaurants; housing units; schools; and office complexes. This all adds up to some 2.5 billion DM in investment and 576,000 square meters of commercial space.

More commuters will soon be making their way to and from the Kirchsteigfeld district, 4 kilometers south of the city center. At the moment, the 45-hectare district is still the exclusive province of construction crews.

New designs for living
The development they are working on is the brainchild of the Berlin-based Groth + Graals. It is being financed by an ingenious mix and



Potsdam is noted for its architectural gems, including the Altes Rathaus.

match of public and private investments and means. Kirchsteigfeld will feature 2,800 apartments (the largest project of its kind in the state of Brandenburg) conceived in a variety of designs and for a variety of income groups, plus schools, day-care centers, parks, an office complex and commercial space.

Recycled barracks
One visitor to Potsdam stayed 46 years. When it completed the process of leaving the city's Bornstedter Feld area in 1994, the Soviet army returned to the city's use 300 hectares of apartment and administration buildings — some of great architectural worth — parks and lakes, as well as some problems with residual pollution.

By 2000, the site, which is within easy walking distance of the Sanssouci palace and

the city center, will be home to 10,000 people, an institute of architecture and design, and a technology and incubation center, according to Volker Haertig, managing director of Entwicklungsträger Bornstedter Feld, which is the project's developer.

Construction of an initial tranche of 600 apartments is set to begin this year, and ecological reclamation is well advanced.

"This project's achievements will play a major role in shaping the future of Potsdam, and this central location is one reason why," says Mr. Haertig. "In the old days, Potsdam's world came to an end on the far side of Sanssouci. Now Bornstedter Feld is where the new Potsdam's world is going to start."

FINANCIAL ASSET: KNOW-HOW

Born in 1943, Horst Köhler earned a doctorate in economics from the University of Tübingen. During his 17-year career in public service at both the state and federal levels, he rose to become one of Germany's most senior international financial officials. Since August 1993, he has been president of the Deutscher Sparkassen- und Giroverband, Germany's association of savings and commercial banks.

Can Eastern Germany's savings banks system serve as a role model for those in Central and Eastern Europe?

The great differences existing between Germany's new states and the countries of Central and Eastern Europe preclude a wholesale transfer of structures or systems. Nevertheless, various organizational skills and operational networks do lend themselves to adaptation and adoption. Our structures may not be easily transferred, but the structure of Eastern Germany's development — and the role played by the savings banks — is highly instructive and amenable to adaptation.

At its most efficient, development is a decentralized process, occurring within individual economic areas and unfolding according to local givens and needs. This development can't be prescribed, ordained or planned by a centralized body. By providing local development authorities and the local business community with the requisite financial expertise, services and resources, a locally based bank can greatly facilitate its

area's development. That's why setting up such banks was so productive in Germany's new states, and why it could also be beneficial for the economic and social development in Central and Eastern Europe.

How efficient are the various forms of assistance provided by Germany's savings bank system to local banks in the new states?

The importance of the large-scale provision of personnel and technical expertise has



Horst Köhler, president of Deutscher Sparkassen- und Giroverband.

been well-chronicled, as has the federal government's supplying of startup capital to the system. Also playing a key, if less-publicized, role was the installation of highly efficient transaction monitoring and operations auditing systems in the new states' banks. By giving the banks a precise, real-time look at their operations, these systems allowed them to forestall many problems.

What opportunities does the new states' financial sector offer?

The supply of venture capital available to the new states' young, high-tech companies obviously has to be augmented and extended, especially since the range of promising local companies with exciting products keeps on getting longer and longer. This need, and the expertise of American, British and other international venture funds managers, would seem a good match. Any new venture capital funds could tap the increasing wealth possessed by the new states' residents, who have a natural and strong interest in doing their part to foster their regions' development.

ECONOMIC BRIEFS

• The new states' economy has a moderating, though still severe problem with unemployment. After three years of abatement, 24 percent of all potentially employable people in Eastern Germany are either unemployed, underemployed, employed in job-creation schemes or enrolled in retraining programs or early retirement schemes. The current rate of unemployment is 13.8 percent, representing a post-reunification low.

• The new states are proving themselves to be

an equal opportunity market. Statistics show that women have founded nearly one-third of all new companies and professional firms in the new states. Although best represented in the trading and tourism sectors, women have also set up 366 manufacturing and 6,788 skilled trade companies. Also strongly represented in the business community in Germany's new states are holders of non-German passports.

• According to the statistics, the fastest-growing industries in the new states

are plastics (61 percent), building supplies (53.2 percent), automobiles (35.3 percent) and electrical and electronic products (24.6 percent). Judging by the number of products introduced at major trade fairs, medical technologies, image and industrial information processing systems, environmental engineering hardware and software (including alternative sources of energy and propulsion) and new building and household supplies are the most promising of these areas.

SUCCESS BREEDS SUCCESS IN POTSDAM

This community southwest of Berlin has one of Eastern Germany's highest standards of living.

At the time of German reunification, the "worry list" for Germany's new states was long. It was topped by such problem-case communities as Bitterfeld, Wismar and Eisenhüttenstadt. The "no-worry list" was much shorter. It featured metropolises such as Dresden and resort areas such as Rügen island and the half-timbered town of Quedlinburg. The list was headed by Potsdam.

Potsdam, many agreed, had everything going for it. The city was placed amid a string of lakes, rivers and other appealing features. In addition to a famous name, its Prussian past had bequeathed it some of Germany's most popular tourist attractions and some of its most attractive historic quarters.

Spared
The benefits of Potsdam's East German past were of omission, not commission. The East German government had not built massive

housing and production complexes on the scale of those in Eisenhüttenstadt, for example. From its 44 East German years, Potsdam had inherited large-scale Red Army barracks, some industrial blight and a fair amount of urban neglect — and not much else.

Two decisions made in the course of reunification brought Potsdam its biggest assets: Berlin, Potsdam's neighbor to the northeast, was to resume its role as Germany's capital. Potsdam would be the capital of the unified state of Berlin-Brandenburg.

Over the last five years, Potsdam has proven the predictions right. Powered by economic growth, the community has achieved Eastern Germany's highest standard of living — except for the special case of East Berlin — according to the country's federal office of statistics. With the exception of Magdeburg, no local real-estate market currently has a higher rate of turnover — or

is realizing higher prices per square meter — than Potsdam's.

Erroneous assumptions
Over the last five years, ambitious redevelopment projects have transformed the ecologies and economies of Bitterfeld, Eisenhüttenstadt and other communities. In view of Potsdam's strong assets, such projects were obviously unnecessary in Potsdam — or so it might have been assumed.

On the contrary: No less than five highly ambitious renewal projects are under way in Potsdam. They include everything from the comfortable dwellings of Frederic the Great's craftsmen to the cavernous studios of Fritz Lang, Marlene Dietrich and other notables of the Golden Age of film. The end products of these extensive renovations will be multimedia centers, affordable, avant-garde housing and up-market shopping complexes.

But the question remains:

Why undertake such a massive, hands-on exercise in urban redevelopment when a "no sweat," hands-off approach might have been sufficient?

Value of integration
"Had Potsdam adopted a 'rest on our laurels' approach, it would have been quickly outpaced by other communities in the new states — communities lacking some of Potsdam's assets, but with a good stock of enterprise of their own," says Detlef Kaminski, Potsdam's city councillor in charge of business development.

Adds Hans Jürgen Wendl, head of Potsdam's municipal business development office: "Staying at the forefront of the new states' communities has required mobilizing all our assets and resources, and securing capital from both Potsdam and elsewhere. To date, that flow of investment amounts to 12 billion Deutsche marks [\$8.3 billion], enough to create some 45,000 jobs."

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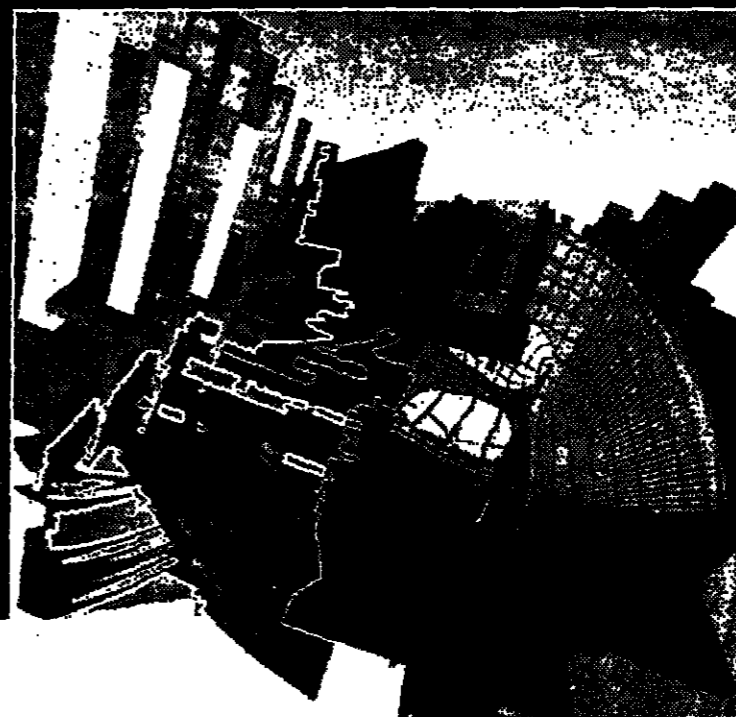
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SPORTS

Yankees
Can't Break
The HabitSetback in Seattle
Is No. 8 on Trip

The Associated Press
The New York Yankees' road-show fiasco ended as it began, with another loss.

In fact, when the Yankees looked at the standings, the reality of their recent ineptitude was staring them right in the face: They are tied with the low-

AL ROUNDUP

ly Mets in victories with just 13 in 30 games.

The latest loss was an 11-9 setback in Seattle on Wednesday night that left New York just a half-game out of last place in the AL East. That left the Yankees with just one victory in their nine-game West Coast swing, and not since 1908 has a Yankee team played worse on a road trip of nine games or longer.

"It's like a tsunami," Wade Boggs said. "I'm just waiting to hit the beach. We've been on this wave a long time."

Things weren't supposed to be this way for the Yankees, who had the best record in the AL last season, improved at several positions in the off-season, led their division for the first two weeks this season and trailed the first-place Red Sox by just 1½ games when they headed West on May 21.

But the bullpen blew leads in three straight games in Seattle, and the pitching staff has allowed a total of 44 home runs.



Sister Louisa, as Sister Herman watched at the game in Toronto, put on a headband reading "It's Conehead Time." The headband was given the run by another fan; the inscription refers to David Cone, who did not pitch against the Tigers.

The disabled list currently includes Jimmy Key, Scott Kamieniecki, Pat Kelly and Tony Fernandez. Paul O'Neill (wrist) and Don Mattingly (eye infection) are still unable to play full-time.

Two of the 44 homers were hit by Tino Martinez on Wednesday, the second coming off Bob McDonald in the seventh to give the Mariners a 10-9 lead. Jay Buhner added an insurance run with a homer in the eighth.

Red Sox 6, Athletics 5: Boston finished its nine-game road trip with its sixth victory and headed home with a six-game

lead in the AL East — the largest divisional lead of any major league team.

Reggie Jefferson and John Valentin homered to pace a 14-hit attack.

Indians 6, White Sox 3: Cleveland, playing at home, won its fourth straight as Jim Thome and Albert Belle homered and Orel Hershiser had his sinker working, getting 13 outs on ground balls in 7½ innings.

The White Sox committed three more errors, raising their major league-leading total to 40, and allowed four unearned runs.

Rangers 4, Royals 2: Ivan Rodriguez hit a bases-loaded double for visiting Texas with two outs in the eighth, ending Kansas City's six-game winning streak and preventing Kevin Appier from becoming the first seven-game winner in the majors.

Appier took a 2-1 lead into the eighth, but gave up a two-out single to Jeff Frye, then walked Will Clark and Mickey Tettleton before Rodriguez doubled down the left-field line.

Brewers 8, Twins 1: Greg Vaughn homered for the second straight day in Milwaukee, the

Astro Bullpen Keeps
Team in Contention

The Associated Press
Jeff Bagwell is hitting below .200, Doug Drabek and Greg Swindell have earned-run averages above 5.00.

The only thing keeping the Houston Astros within shouting distance of the NL Central lead is an unheralded bullpen that is 8-1, has saved six games in as many chances, and that has four pitchers with ERAs below 2.00.

Jim Dougherty, Todd Jones and John Hudek were the stars in relief Wednesday night, allowing two hits in 4½ shutout innings as the Astros beat the Florida Marlins, 7-4. Houston is five games behind Chicago and Cincinnati.

Dougherty, a rookie who had 115 saves in his four-year minor league career, struck out Andre Dawson with the bases loaded in the fifth inning to keep the Astros' lead at 6-4.

Hudek, claimed off waivers from Detroit in 1993, had 16 saves last season — his first in the major leagues. He got his fifth in five chances this season with a one-hit ninth.

The Astros were led offensively by Derek Bell, who went 3 for 3 with two RBIs, and former Marlin Dave Magadan, who drove in two runs.

Reds 11, Pirates 1: Cincinnati won its ninth straight game and 19th in the last 22, but Deion Sanders sprained his left ankle trying to steal third base with a six-run lead in the sixth inning in Pittsburgh. John Smiley (3-0), threw a seven-hitter.

Rockies 3, Cardinals 3: Larry Walker homered, doubled and drove in three runs, ending an 0-for-24 slump and moving Colorado within a half-game of

first-place San Francisco with a victory at St. Louis.

Mets 7, Padres 5: Pinch-hitter Chris Jones hit a three-run homer in the bottom of the 10th, after Eddie Williams sent the game into extra innings with a homer in the top of the ninth, as New York beat visiting San Diego for a second straight game, after losing eight of its previous nine.

Cubs 4, Braves 1: Ozzie Timmons, Brian McRae and Rey Sanchez broke open a close game with seventh-inning RBI doubles in Chicago. Atlanta's

NL ROUNDUP

Steve Avery lost despite striking out 10 in 6½ innings.

Expos 5, Giants 4: Moises Alou's two-run homer in the sixth in Montreal ended San Francisco's three-game winning streak.

The Giants' Matt Williams went 3-for-4 to improve his NL-leading average to .391. He tripled to lead off the eighth, but was stranded at third.

Terry Mulholland (2-5) suffered his fourth straight loss over five starts.

Dodgers 4, Phillies 1: Rick Parker singled home the go-ahead run in the 10th and Eric Karros followed with a two-run homer to extend his NL-best hitting streak to 15 games as Los Angeles ended a five-game losing streak with its victory in Philadelphia.

Ramon Martinez (5-3) went nine innings, allowing only three hits in his longest outing of the year. Todd Worrell walked the first two batters in the 10th, but escaped for his fourth save.

Sweden Tied,
By Iceland in
Europe Match

Compiled by Our Staff From Dispatches

STOCKHOLM — World Cup bronze medalist Sweden only managed a 1-1 draw against Iceland in a Group 3 soccer qualifier Thursday, virtually killing its chances of gaining the European Championship finals next year.

Iceland, winless and last in the standings, shocked the Swedes by taking the lead two minutes into the game, when striker Arnar Gunnlaugsson curled a free kick around the wall and past World Cup hero Thomas Ravelli.

It was the only shot on goal the defensive-minded Icelandic team would get in the game. It would not score in three previous qualifiers.

Midfielder Tomas Brodin, returning to the stadium where he broke his left ankle in a Nov. 16 qualifier against Hungary, scored for Sweden on a penalty shot in the 16th minute.

Intense lobbying by South Korea and Japan has forced FIFA to bring forward the date for selecting the host for the 2002 World Cup finals.

"If all the planning documents have been submitted and inspection of facilities carried out, then we will very probably make the decision in January or February," a FIFA spokesman said Thursday.

"The lobbying is very intense and causing bad feeling all round, so we feel it would be better for everyone if a decision was taken as soon as possible," he added.

FIFA had planned to select the first Asian host for its World Cup in June 1996.

SCOREBOARD

Major League Standings

AMERICAN LEAGUE				
East Division				
	W	L	Pct.	GB
Boston	23	11	.675	0
Detroit	15	19	.438	8 1/2
Toronto	14	20	.408	9
New York	13	21	.382	10
Baltimore	13	21	.382	10
Central Division				
	W	L	Pct.	GB
Cleveland	21	9	.700	—
Kansas City	16	15	.516	5 1/2
Chicago	15	17	.469	7
Minnesota	13	19	.367	10
St. Louis	10	22	.302	12 1/2
West Division				
	W	L	Pct.	GB
California	20	12	.625	—
Seattle	19	13	.594	1 1/2
Texas	18	15	.545	2
Oakland	17	16	.515	3
NATIONAL LEAGUE				
East Division				
	W	L	Pct.	GB
Philadelphia	19	13	.591	—
Atlanta	19	13	.591	4
Montreal	18	15	.545	5
New York	18	15	.545	5
Florida	8	25	.242	10 1/2
Central Division				
	W	L	Pct.	GB
Chicago	20	11	.645	—
Cincinnati	20	11	.645	—
Houston	15	16	.484	5
St. Louis	17	16	.515	7 1/2
Pittsburgh	12	18	.400	10 7/2
West Division				
	W	L	Pct.	GB
San Francisco	18	16	.529	—
Colorado	17	16	.515	1 1/2
Los Angeles	14	19	.424	3 1/2
San Diego	14	19	.424	3 1/2

Wednesday's Line Scores

AMERICAN LEAGUE			
Detroit	0	100	0-3 7 0
Toronto	0	100	0-3 7 0
Baltimore	0	100	0-3 7 0
Seattle	0	100	0-3 7 0
San Francisco	0	100	0-3 7 0
Los Angeles	0	100	0-3 7 0
San Diego	0	100	0-3 7 0

L-Oberthly 2-2, H-Rs-Detroit, Fleider 121.

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FRIDAY, JUNE 2, 1995

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In the Rugby Cup, A Potion of Hope

International Herald Tribune

JOHANNESBURG — The British invented rugby, the French treat it as a strenuous art and the New Zealanders worship it, but nowhere else could the sport be more important than it is here during the Rugby World Cup.

Here, where the majority of people couldn't care less. It is becoming clear that the 31-day tournament, now just nine days old, is becoming a campaign for national unity. Every day brings another color picture on a newspaper's front page of the white South African captain, François Pienaar, posing with Archbishop Desmond M. Tutu or with black children in a township. Even more apparent are the editorials that began shortly after the all-white South African team upset defending champion Australia to begin the tournament last week. That game brought the country together, the white press has reported daily; while editorials in the black press have congratulated the effort and thrown their voices behind the cause.

Perhaps those black Africans nearby the Newlands Stadium last week were caught up in the festivities, and were happily quoted in the newspapers. But who can say that the non-white South Africans, representing 87 percent of the country, have fallen suddenly in love with the mascot of apartheid? Surely rugby calls to mind all of the current problems — that the whites (whom rugby represents) are nine times richer than blacks, that almost half of the population doesn't hold a formal job, and that 46 percent of black adults cannot read, all of which has resulted in record levels of violent crime.

Those black Africans who are able to work regularly are not likely to be envied by the rugby Springboks' more traditional fan base. These are generalizations, but the eyes do not lie: Black people work alongside the highways, in the kitchens and the laundries; they clean the rooms and serve the meals; they stand stuffed onto the backs of pickup trucks on the dangerous road to work, and they died in the mine disaster last month. There have to be many exceptions, and more opportunities every day; but the phantom pain of apartheid still seems real when one pretty restaurant after another is found patronized by whites and served by blacks.

At first glance, then, the presentation of the national rugby team may look like a sham campaign. But clearly it isn't. It is as sincere as politics can possibly be. Like so much of the hope in this country, it is tied to the moral leadership of President Nelson Mandela.

The truth about rugby is that it is popular among blacks along both coasts. They embraced it as soon as the British came along with it. "Then the white community started establishing themselves and holding dear to certain sports," said Dan Moyo, national development officer for the South African Olympic Committee. "Rugby became a white sport, soccer became a black sport. People started protecting what they thought was theirs. The truth is that no one owns sport. It is for everyone."

Announcing that he had been assured that this would be the last all-white team to represent South Africa in the World Cup, President Mandela came to support the Springboks — like a father hearing his sons promise they will never do wrong again. "I have never been so proud of our boys as I am," he said on the eve of the big game. This is how the president has avoided a race war. When the whites were in power they were hated; now, by comparison, the feeling is closer to love.

The support for rugby from the black community seems to have begun with the sight of the new South African flag being waved throughout the white-occupied stands. The last time South Africa played such an important match at home, to mark its 1992 return to international rugby, the white players and fans had defied unification with a belittling performance of "Die Stem," the Afrikaans national anthem. The significance of rugby is that it has always expressed the white man's mood. Three years ago the whites wanted nothing to do with the new world and, perhaps coincidentally, they played an outdated game of rugby that day and were routed by New Zealand.

THREE YEARS LATER, just last week, the new team of white South Africans invited the entire world to the game. The day began with a vast musical ceremony of unity, an invitation by Mandela, and the singing of the new dual national anthem by the players themselves. The surroundings of the game were more important than the game itself — the only way to unite more people around a racially-exclusive team.

Yet to imagine that Africans would jump in line just because a team of whites had won a "European" game would be to view them through the old patronizing lens of apartheid. No doubt many Africans are concerned about being seen in that way.

Even if it cannot possibly take hold so quickly, the campaign by leaders in rugby, government and the media to unite the nation is more stirring than the games themselves. In being big men about it, the African leaders are also slapping backs with the whites who still hold economic power. Meanwhile, the white crowds in conservative Bloemfontein and Rustenburg have been openly supporting the underdogs from Japan and Ivory Coast, the latter an all-black team from northwest Africa.

Probably there is an agreement to put on a happy face for the visiting world, which hadn't come calling for more than two decades. But imagine if the national team keeps winning, with South Africa becoming a world champion on June 24 and Nelson Mandela leading the celebration — it may be more than hope then. The color of a racist sport may truly change before our eyes.



For the 5-foot-9 Michael Chang, the extra inch on his racket makes a big difference.

It's Quite a Racket, but It Serves Chang Quite Well

By Christopher Clarey
Special to the Herald Tribune

PARIS — On one side of the net was the unseeded Daniel Vacek, a long, tall, drink of pillar from Prague measuring in at 6 feet 3 inches (1.91 meters). On the other side was the sixth-seeded Michael Chang, the breathtakingly quick American measuring in at 5-9.

This was nothing new for Chang, who would reach the third round of the French Open with a four-set victory. Since turning professional in 1988, he has grown accustomed to being the circuit's little big man. The difference now is that he is not giving away inches in every department.

Vacek might have been the taller man on Court 1 Thursday, but Chang's racket was longer by exactly one inch (2.54 centimeters).

The racket, which measures 28 inches instead of the customary 27, represents the manufacturer's latest attempt to reinvent an instrument that has come a long and profitable way since it was made of wood. Next came rackets of metal; then rackets with larger heads; then rackets of space-age composites and, most recently, rackets with

thicker frames, which came to be known as "widebodies."

The question now is whether longer rackets are the next big thing, or another slightly desperate and (soon-to-be) heavily marketed attempt to revive sagging sales. The principle is straightforward: a longer racket means more leverage, hence more power; a greater reach means fewer winners for the opponent. International Tennis Federation rules permit rackets measuring up to 32 inches but, until recently, the only extra-long prototypes were too heavy and unwieldy to catch on.

Now comes Chang, a thinking person's player who is seldom hesitant to experiment in the quest for an edge. He has been using a longer version of his longtime racket for nearly 18 months and keeping it fairly quiet.

During that time, his ranking has risen from No. 8 to 6 and his serve, never his strength in the past, has become noticeably more powerful. In 1993, he served 256 aces and won 69 percent of the points when he got his first serve in the court. In 1994, those figures jumped to 366 aces and 72 percent.

"It's made a major difference on my serve; I get a lot more pop and a lot more accuracy, and it hasn't hurt my groundstrokes," he said.

Though Chang, who also has made technical adjustments to his serving motion, was successful Thursday, the only other top player to use a long racket, Gilbert Schaller of Austria, did not fare well. A day after ousting No. 2 seed Pete Sampras in the first round, Schaller failed to slam the door on Australian qualifier Scott Draper, a congenial left-hander ranked 135th in the world.

Schaller won the first two sets and served for the match at 5-4 in the third, but, after squandering a match point, lost the third set in a tiebreaker. He would squander two more match points in the fifth set.

"Against Sampras I had nothing to lose," he said. "Today, I expected to win and I never felt set with my game the whole match."

All in all, it was a come-down day for giant killers. Mikael Tillström, the Swedish qualifier who upset No. 4 seed Goran Ivanisevic, also lost in the second round, falling to Germany's hard-serving Bernd Karbacher, 9-7, in the fifth set.

The only high-profile player to lose Thursday was Swiss-

land's emotional and erratic Marc Rosset, the 16th-seeded man, who was beaten by Fernando Meligeni of Brazil, thereby putting a further hole in the bottom half of the draw that already was without Sampras.

Other than that, the seeds moved on into the third round with varying degrees of difficulty. Those who struggled included Mary Pierce, who played a jittery first set before disposing of Germany's Christina Singer, 7-5, 6-0; and Sweden's Magnus Larsson, who needed four tough sets to get past Hendrik Dreckmann, the player whom he rallied to beat in last year's quarterfinals. Martina Hingis, the unseeded 14-year-old from Switzerland, also held on to beat Mariana De Swardt of South Africa, 6-1, 6-7 (3-7), 6-2.

Those who cruised included Arantxa Sánchez Vicario, Iva Majoli, Sergi Bruguera and Boris Becker.

Perhaps most impressively, Michael Stich, after winning a first-set tiebreaker, had his way with Stefan Edberg, the former world No. 1.

Edberg, now 29, is no longer the dominant, attacking player he was several years ago. His serve has lost some sting, his volleys are no longer as crisp and his nerves have begun to fail him on crucial points. For the first time since the 1984 U.S. Open, he came into a Grand Slam event unseeded.

"Everybody keeps asking about retirement," Edberg said after his 7-6 (7-3), 6-3, 6-2 defeat. "It's going to come at some point. O.K., things haven't been going great, but at least the last couple of weeks, I have been enjoying what I'm doing and playing well again. I still have hope of winning another Grand Slam, and as long as I feel that way I'll keep going. I will play this year and next, and that's all I can say."

Chang, who stunned Edberg to win the French Open in 1989 at age 17, is also still hoping for another Grand Slam title. Whether the longer racket will help him do it is debatable.

What is not in Chang's belief that the change has improved his game. And in a fiercely competitive sport where the psychological edge often makes the difference between early-round losses and final-round heroics, any boost in self-assurance can translate to better results between the long white lines.

"I definitely think the racket has helped," Chang said. "But I'd be kidding myself and you if I told you it was just the racket."

Hastings Leads Cup in Scoring

The Associated Press

JOHANNESBURG — Scotland's captain Gavin Hastings, the all-time leading Rugby World Cup points scorer, has gotten 30 more than anyone else so far in the 1995 tournament.

After 16 matches — half the total for the month-long, 16-nation competition — Hastings has five tries, 10 conversions and 30 penalties for 75 points. That includes a World Cup record 44 in the 89-0 demolition of Ivory Coast, and 31 in the 41-5 triumph over Tonga.

He entered the tournament with 123 World Cup points, third on the all-time list, and now has shot past Grant Fox of New Zealand and Michael Lynagh of Australia into first place. Thierry Lacroix of France has 45 points on four tries, five conversions and five penalties, while England's Rob Andrew is third with his 11 penalties, two drop goals and one conversion.

Hastings, who has played in all three Rugby World Cups, and Lacroix go head-to-head on Saturday in the match that will decide first and second place in Pool D.

There have been 97 tries, including three penalty tries, so far, with Hastings the leading try scorer at five, one ahead of Lacroix and two ahead of George Horler of Samoa and Gareth Thomas of Wales.

The scoring so far (tries, conversions, penalties, drop goals, total):

Gavin Hastings (Scotland) 5-10-10-0-0 75

Thierry Lacroix (France) 4-5-0-0-0 64

Rob Andrew (England) 0-1-1-2-0 11

Andrew Hurrell (New Zealand) 1-5-0-0-0 37

Darren Keir (Samoa) 1-4-0-0-0 34

Neil Jenkins (Wales) 3-5-0-0-0 31

Michael Lynagh (Australia) 2-4-0-0-0 30

Gareth Thomas (Wales) 2-2-0-0-0 21

Joel Stroschek (South Africa) 1-1-0-0-0 12

O'Neal Puts Magic Up, 3-2 Pacers, 14 Down, Rally but Fall Just Short

The Associated Press

ORLANDO, Florida — Shaquille O'Neal not only stayed in the game, he dominated it. Although that almost wasn't enough.

O'Neal's 35 points and 13 rebounds helped put Orlando on victory away from National Basketball Association's final as the Magic held off the Indiana Pacers, 108-106, Wednesday night to take a 3-2 lead in the Eastern Conference final.

After two foul-shortened games in Indianapolis, O'Neal took charge of this one, scoring 20 points in the first half and 13 in the third period.

"I just wanted to play aggressive, to play my game, take it

strong to the basket," he said. "And I did that."

But his big night was nearly for naught as Pacers rallied from a 14-point deficit to make it 106-103 with 16 seconds left. The Magic held on despite sink-

straight Game 7, if necessary, would be played Sunday in Orlando.

Rik Smits, whose buzzer-beater made him the hero of Game 4, was the center in foul trouble this time. He departed with 3:44 to go, having scored 20 points. Reggie Miller and Derrick McKey led the Pacers with 21 apiece, and while Mark Jackson got 19 and wished it were 22.

Indiana, down by 104-90 with 4:21 left, scored 10 straight points capped by Jackson's 3-pointer with 1:05 left. Anfernee Hardaway's free throw with 30.9 seconds to play made it 105-100, but as the Pacers have shown throughout the playoffs, they don't go down easy.

O'Neal, who had missed four free throws during Indiana's spurt, rebounded Jackson's miss with 22.7 seconds left. After two timeouts, Hardaway went to the line but made only one foul shot, and McKey fired in a 3-pointer with 16 seconds left to cut the lead to three.

Brian Shaw blew two free throws before Jackson, hesitating behind the arc and apparently looking for Miller, scored a 3-pointer. Hardaway got the rebound, then finally made two free throws together. Miller sank a 3-pointer at the buzzer.

Rejecting last-minute bids by Benetton Treviso and other Italian clubs, center Stefano Rusconi has announced in Treviso that he will join the Phoenix Suns to become the first Italian to play in the NBA.

"I'm going to Phoenix, knowing that I'll start from zero, that I'll have to work very hard, that it may take one year before I get used to the NBA," he said after taking "a final decision about my transfer."

The 27-year-old, 6-foot, 9-inch (2.07-meter) Rusconi has reached a general agreement for a three-year contract with the Suns. The contract would be signed early in July, said Rusconi's agent, Toio Ferracini.

SIDELINES

Walton and Cejka Share Golf Lead

COVENTRY, England (AP) — Irishman Philip Walton, who doesn't particularly want to play in the Ryder Cup, took a step closer to qualifying Thursday with a 7-under-par 65 that gave him a share of the first-round lead at the English Open.

Walton chipped in from 30 feet at the par-3, 210-yard 18th, tying Alexander Cejka of Germany. Australian Peter Senior was one stroke back in third.

The Czech-born Cejka, who won his first European PGA Tour title in Spain in March, also finished with a 2, hitting a 3-iron to six feet.

Tour of Italy Fans Buried in Snow

CUNEO, Italy (AP) — Snowslides Thursday buried a crowd of cycling fans along the route of the Tour of Italy, injuring 10 people but none seriously, police said.

Rescue teams aided by dogs dug out at seven fans as well as cars in the Colle Dell'Agello, at the 2,500-meter (8,000 foot) level, which was blanketed by snow on Wednesday.

The bad weather led organizers to shorten the route, ending Thursday's stage in Chianale, instead of Briançon, France.

The tour ends Sunday in Milan.

For the Record

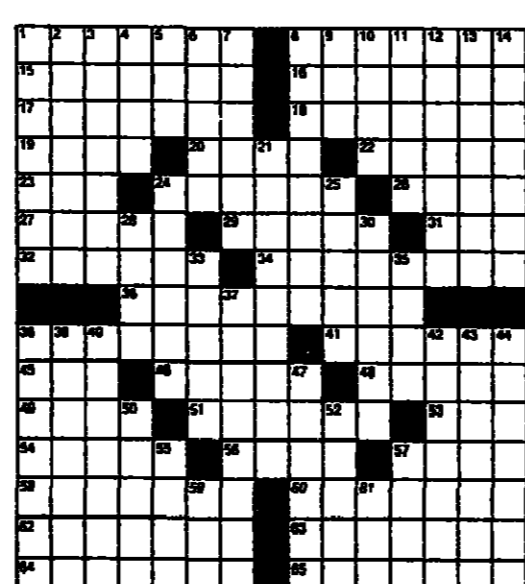
World Bowl '95, the championship game of the World League of American Football, will be held at Amsterdam's Olympic Stadium on June 17, officials announced. (AP)

Dave King, his team eliminated in the first round of the NHL playoffs for the third straight year, was dismissed as coach of the Calgary Flames. (AP)

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21 Neighbor of Cygnus
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23 Kind of dog
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Solution to Puzzle of June 1

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POSTCARD

Doo-Wop, the Musical

By David Gonzalez
New York Times Service

NEW YORK — Don't tell Frantz Conde that hip-hop and doo-wop are nonsense syllables. The group harmonies of doo-wop music make some serious sense to him and the members of his a cappella quartet, Khulaje.

"It's really about this admixture that makes things beautiful," said Conde, a 20-year-old Brooklynite who likens his art to a musical collage. "There's no other expression like vocal expression. You can play a trumpet or sax, but when you blend with others, it's something else."

Khulaje and about four dozen other young vocal groups spent Wednesday at the Nederlander Theatre earnestly singing about teenagers in love, going to the chapel and the still of the night as they competed for a \$5,000 prize and a chance to appear in "The Capeman," an upcoming Broadway musical by Paul Simon and the writer Derek Walcott.

The play takes its title from the infamous Cape Man murders in 1959, when two Puerto Rican teenagers stabbed to death two white youths in a Hell's Kitchen playground.

Salvador Agon, the 16-year-old who was dubbed the Cape Man because he wore a red-and-black cape when he committed the murders, escaped the electric chair and was eventually released from prison in 1979.

A few years after Agon died in 1986, Simon began developing the idea for the musical, which would feature traditional Puerto Rican music — plenas and bombas — and '50s-style street harmonies popularized by groups like the Orioles, the Ravens and the Flamingos.

"People don't know what

the best of the '50s music was because it was being presented in popular culture through 'Grease' or 'Happy Days,' Simon said. "I'm talking about neighborhood street-corner music that was influenced by all the great early-bird groups."

Many contestants, who were between 13 and 20 years old, cited more contemporary musical influences like Boyz II Men or the Barrio Boyz. As they awaited their turn onstage, clusters of singers worked out harmonies in hallways, alleyways and, in the best doo-wop tradition, the bathroom. Mothers urged sons to stand close to the microphone, and singers dusted off glossy portraits just in case. Different groups challenged each other on high notes as they trotted out songs honed in hours of gospel-choir practice.

One member of the winning group, Mid-Nite Harmonies, credited his church background with helping him develop his talents. "We're fine because we believe in God and the church," said Ken McLendon, who sang with the Bronx quartet. "We have our release with music."

Few of the young people at the auditions knew much about the real-life Cape Man murders in Hell's Kitchen. Some thought the play was set in South Africa (Cape Town) or somebody's kitchen. Some found quaint the idea of a city being shocked by two dead teenagers.

Today, "people would freak out over a bomb," said Mark Alston, 14, from Brothers of Smooth Sound, a Bronx trio. "When two kids shoot each other, that's probably the least of their worries. It would hurt their families, but not anybody else."

After the Fall: A Comeback for David Lynch?

By William Grimes
New York Times Service

NEW YORK — It has been very quiet out in David Lynch land. For nearly three years, the dancing dwarfs have been idle. The Log Lady's log, a popular figure in its own right during the heyday of "Twin Peaks," Lynch's guerrilla assault on mainstream television, lies in a safe-deposit box, drying out.

Since the summer of 1992, after the film "Twin Peaks: Fire Walk With Me" was shredded by the critics, Lynch has been lying low. The director who seemed to be everywhere

The new film ends a restless, rather frustrating three-year period for Lynch.

in the late 1980s and early '90s, when the film "Blue Velvet" and the series "Twin Peaks" worked their magic, suddenly was nowhere.

Signals are being sent out over the Lynch frequency, however. The French company Cible 2000, which financed "Fire Walk With Me," recently announced that Lynch would begin shooting a new film in the fall, the first in a three-picture deal with the company.

The film ends a restless, rather frustrating period for Lynch. "It was working on a lot of different things, looking for something to fall in love with," he said in a telephone interview from Los Angeles. "A lot of things I started writing and lost interest in, and that's part of the problem of the last few years."

Lynch was guarded when talking about the new film. The title is "Lost Highway."

The script is by Lynch and Barry Gifford, who wrote the script for Lynch's 1990 film "Wild at Heart." He refused to describe it any further. On the other hand, Lynch films tend to be indescribable anyway, a strange mixture of bright and sunny takes on small-town life interspersed

with hallucinatory passages that seem like dream sequences.

The chairman of Cible 2000, Jean-François Fonlupt, called it "a typically Lynchian love story." Lynch balked at that description. He conceded that there might be love running around somewhere in the film. "But it's not a love story."

It will get made, however, unlike several recent projects that turned out to be false starts.

The script for "Mulholland Drive," which Fonlupt called "a love story inside a thriller," was never finished. Lynch did finish "Dream of the Boovine," which he called "an absurdist comedy," but Cible 2000 passed on that one.

"I was doing a lot of writing and reading, trying to find something to get me going, but I couldn't," Lynch said.

He rooted around in the mystery genre, looking for material, with no luck. "I like things that leave some room to dream," he said. "A lot of mysteries are sewn up at the end, and that kills the dream."

To keep his hand in as a director, he made television commercials for Karl Lagerfeld, for Gio (the perfume by Armani), for a coffee drink that Coca-Cola markets in Japan and for Alka-Seltzer Plus. He directed a teaser-trailer used to market Michael Jackson's "Dangerous" album. He painted, took photographs and built furniture.

If Lynch hunkered down, who can blame him? "Blue Velvet" and the first half of "Twin Peaks" made it seem as if he could do no wrong. In the waning years of the Reagan era, he struck psychic pay dirt with his dark, surreal probes beneath the surface of small-town America. "Lynchian" looked set to displace "Kafkaesque."

After 1990, however, it seemed as though he could do nothing right. The complaints began with the later episodes of "Twin Peaks," a series that lingered far too long, lapsing into a mannered surrealism along the way as Lynch himself seemed to lose interest.

"Wild at Heart," although it won the Palme d'Or for best film at the



Off the wall with David Lynch at his Hollywood home.

Cannes Film Festival in 1990 and earned a respectable \$14 million in the United States, struck some critics as erratic, self-indulgent and despite some inspired moments, pointless.

The worst was yet to come. With Mark Frost, his partner on "Twin Peaks," Lynch produced "On the Air," a satirical comedy about live television that was shown in June 1992. It inspired very little laughter and disappeared almost immediately from the tube.

Lynch followed up with "Hotel Room," a 90-minute dramatic trilogy on Home Box Office for which he directed two episodes. It was panned.

The nadir came with "Twin Peaks: Fire Walk With Me." A two-hour, 14-minute prequel to the television series, it brought out the beast in red-blooded film critics all over the world. It was hissed at Cannes, no

small achievement. In the United States, film critics who sat through it left theaters and screening rooms thirsting for vengeance.

"It's not the worst movie ever made; it just seems to be," wrote Vincent Canby in The New York Times. "Its 134 minutes induce a state of simulated brain death." The film grossed \$4.1 million in the United States.

Lynch said that he still loves the film, but he understands the reaction. "The film was in the 'Twin Peaks' world, but 'Twin Peaks' had run its course," he said. "The feeling at the time we started it was very different from the feeling at the time we finished it. People had had enough."

He was philosophical about the critical drubbing he received. "It was disturbing, to be sure, but if you love a film, it's not so bad," he said. "With 'Dune,' I knew the film was

not the one I had wanted to make, so the bad reviews were a double blow."

If Lynch dropped out of sight, he was present even in his absence. The Lynch tone and manner found its way into the work of filmmakers like John Dahl, the director of "Red Rock West," and "The Last Seduction," and Quentin Tarantino, the director of "Pulp Fiction." In television, the "Twin Peaks" mood and manner seeped into series like "Northern Exposure" and "Pickett Fences." Lynch's stylistic fingerprints are all over "The X-Files."

But Lynch himself was in limbo, although he describes his fallow period with a certain equanimity, even the commercials. "I honestly did like doing them," he said. "Some I did for the money, but even then, not 100 percent. It's like doing an experiment."

Fans of "Twin Peaks" should not look for another small-screen onslaught by Lynch, however. "I'm pretty down on TV at this point," he said. "The speed at which you have to work, it kind of kills everything. I like to take time and get into things."

It has been nearly 20 years since Lynch created a sensation with "Eraserhead," a film that established the Lynch mood and offered an early look at the obsessions that still grip him. "I still feel like the same person who made that film," he said. "I have certain things I really love, and there's not much I can do about it."

The obsessive, intuitive nature of Lynch's art makes him exciting but unpredictable. When he steps up to the plate, audiences — and film executives — know that he can drive the ball deep into the center field seats or go down swinging at a pitch 2 feet out of the strike zone.

"It's in the nature of his talent that he'll be hit or miss," said an executive at a company that distributes independent films. "The question will always be, who's willing to take the risk?"

Lynch said: "I keep hoping people will like abstractions, space to dream, things that don't necessarily add up. With film, you go into this dark place, and you have to let go a little bit."

WEATHER

Europe

	Today	High	Low	Tomorrow	High	Low
Algeria	24/19	17/13	12/9	25/19	18/11	8
Amsterdam	18/14	11/8	6/4	19/10	10/7	3
Athens	23/18	16/11	7/4	23/17	16/11	7
Berlin	21/17	10/7	4/1	21/16	10/7	4
Bombay	26/17	13/8	2/2	27/12	15/5	1
Buenos Aires	23/17	12/3	1/1	24/17	13/4	1
Calcutta	28/18	15/8	3/1	29/18	16/8	3
Cairo	28/18	15/8	3/1	29/18	16/8	3
Chennai	28/18	15/8	3/1	29/18	16/8	3
Columbo	28/18	15/8	3/1	29/18	16/8	3
Dhaka	28/18	15/8	3/1	29/18	16/8	3
Delhi	28/18	15/8	3/1	29/18	16/8	3
Dubai	28/18	15/8	3/1	29/18	16/8	3
Guangzhou	28/18	15/8	3/1	29/18	16/8	3
Hong Kong	28/18	15/8	3/1	29/18	16/8	3
Kuala Lumpur	28/18	15/8	3/1	29/18	16/8	3
London	18/14	11/8	6/4	19/10	10/7	3
Los Angeles	24/19	17/13	12/9	25/19	18/11	8
Manila	28/18	15/8	3/1	29/18	16/8	3
Mumbai	28/18	15/8	3/1	29/18	16/8	3
Nairobi	28/18	15/8	3/1	29/18	16/8	3
Paris	18/14	11/8	6/4	19/10	10/7	3
Perth	28/18	15/8	3/1	29/18	16/8	3
Rangoon	28/18	15/8	3/1	29/18	16/8	3
San Francisco	24/19	17/13	12/9	25/19	18/11	8
Singapore	28/18	15/8	3/1	29/18	16/8	3
Sydney	28/18	15/8	3/1	29/18	16/8	3
Taipei	28/18	15/8	3/1	29/18	16/8	3
Tokyo	28/18	15/8	3/1	29/18	16/8	3
Yokohama	28/18	15/8	3/1	29/18	16/8	3

Forecast for Saturday through Monday, as provided by Accu-Weather.



North America

Humid this weekend from New York City to Washington, D.C., with a shower of thunderstorm from time to time. Times of clouds and sunshine. Partly sunny Saturday and Sunday in Chicago. Showers and thunderstorms likely the weekend in Denver.

Europe

Shower Saturday and Sunday in London, and showers will move into Paris, Brussels and Amsterdam before the weekend is over. Partly sunny with no more than a passing shower this weekend in Rome. Mostly sunny Saturday and Sunday in Athens and in Madrid.

Asia

Rains will soak Osaka and Tokyo this weekend, and areas of flooding could occur across Japan. A tropical storm might sail the weekend, bringing heavy rain. Very humid in Hong Kong Saturday through Sunday with a few showers and thunderstorms.

Middle East

	Today	High	Low	Tomorrow	High	Low
Algeria	24/19	17/13	12/9	25/19	18/11	8
Amsterdam	18/14	11/8	6/4	19/10	10/7	3
Athens	23/18	16/11	7/4	23/17	16/11	7
Berlin	21/17	10/7	4/1	21/16	10/7	4
Bombay	26/17	13/8	2/2	27/12	15/5	1
Buenos Aires	23/17	12/3	1/1	24/17	13/4	1
Calcutta	28/18	15/8	3/1	29/18	16/8	3
Cairo	28/18	15/8	3/1	29/18	16/8	3
Chennai	28/18	15/8	3/1	29/18	16/8	3
Columbo	28/18	15/8	3/1	29/18	16/8	3
Dhaka	28/18	15/8	3/1	29/18	16/8	3
Delhi	28/18	15/8	3/1	29/18	16/8	3
Dubai	28/18	15/8	3/1	29/18	16/8	3
Guangzhou	28/18	15/8	3/1	29/18	16/8	3
Hong Kong	28/18	15/8	3/1	29/18	16/8	3
Kuala Lumpur	28/18	15/8	3/1	29/18	16/8	3
London	18/14	11/8	6/4	19/10	10/7	3
Los Angeles	24/19	17/13	12/9	25/19	18/11	8
Manila	28/18	15/8	3/1	29/18	16/8	3
Mumbai	28/18	15/8	3/1	29/18	16/8	3
Nairobi	28/18	15/8	3/1	29/18	16/8	3
Paris	18/14	11/8	6/4	19/10	10/7	3
Perth	28/18	15/8	3/1	29/18	16/8	3
Rangoon	28/18	15/8	3/1	29/18	16/8	3
San Francisco	24/19	17/13	12/9	25/19	18/11	8
Singapore	28/18	15/8	3/1	29/18	16/8	3
Sydney	28/18	15/8	3/1	29/18	16/8	3
Taipei	28/18	15/8	3/1	29/18	16/8	3
Tokyo	28/18	15/8	3/1	29/18	16/8	3
Yokohama	28/18	15/8	3/1	29/18	16/8	3

Africa

	Today	High	Low	Tomorrow	High	Low
Algeria	24/19	17/13	12/9	25/19	18/11	8
Amsterdam	18/14	11/8	6/4	19/10	10/7	3
Athens	23/18	16/11	7/4	23/17	16/11	7
Berlin	21/17	10/7	4/1	21/16	10/7	4
Bombay	26/17	13/8	2/2	27/12	15/5	1
Buenos Aires	23/17	12/3	1/1	24/17	13/4	1
Calcutta	28/18	15/8	3/1	29/18	16/8	3
Cairo	28/18	15/8	3/1	29/18	16/8	3
Chennai	28/18	15/8	3/1	29/18	16/8	3
Columbo	28/18	15/8	3/1	29/18	16/8	3
Dhaka	28/18	15/8	3/1	29/18	16/8	3
Delhi	28/18	15/8	3/1	29/18	16/8	3
Dubai	28/18	15/8	3/1	29/18	16/8	3
Guangzhou	28/18	15/8	3/1	29/18	16/8	3
Hong Kong	28/18	15/8	3/1	29/18	16/8	3
Kuala Lumpur	28/18	15/8	3/1	29/18	16/8	3
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Manila	28/18	15/8	3/1	29/18	16/8	3
Mumbai	28/18	15/8	3/1	29/18	16/8	3
Nairobi	28/18	15/8	3/1	29/18	16/8	3
Paris	18/14	11/8	6/4	19/10	10/7	3
Perth	28/18	15/8	3/1	29/18	16/8	3
Rangoon	28/18	15/8	3/1	29/18	16/8	3
San Francisco	24/19	17/13	12/9	25/19	18/11	8
Singapore	28/18	15/8	3/1	29/18	16/8	3
Sydney	28/18	15/8	3/1	29/18	16/8	3
Taipei	28/18	15/8	3/1	29/18	16/8	3
Tokyo	28/18	15/8	3/1	29/18	16/8	3
Yokohama	28/18	15/8	3/1	29/18	16/8	3

Legend: sunny, partly sunny, cloudy, showers, thunderstorms, rain, severe rain, snow, snow showers, ice, fog, haze, wind, etc. All times, forecasts and data provided by Accu-Weather, Inc. © 1995

PEOPLE

THE new single from Michael Jackson comes with a disturbing self-portrait of him as a sad-eyed child, about 6 or 7 years old, huddled in a corner with a microphone. The picture is on a recording released by Epic Records that contains the songs "Childhood" and "Scream." "Before you judge me, try hard to love me," Jackson, now 36, sings on "Childhood." "Look within your heart then ask, have you seen my childhood?" Jackson grew up as part of the Jackson 5 musical family, and his childhood was spent in the limelight. In September, prosecutors decided not to charge Jackson after a boy who accused him of molestation refused to cooperate with investigators.

Marilyn Monroe got her own U.S. postage stamp Thursday on what would have been her 69th birthday. Ceremonies for the occasion were planned from Hollywood to Baltimore and many cities in between.

Doctors at a Charlottesville, Virginia, hospital, where Christopher Reeve is par-

alyzed and breathing with the aid of a respirator, after breaking his neck during a horse-riding accident over the weekend, still are declining to speculate about his chances of recovery. Dr. John A. Jane, a neurosurgeon, said, "The extent of the damage is not known. At this time, it is premature to speculate about his long-term prognosis." Reeve's brother, Benjamin, said in a statement that Reeve had been besieged by well-wishers. "Christopher deeply appreciates having received expressions of goodwill from so many people," he said. "As the medical statement indicates, we do not know what lies ahead."

Walter Reich, a former research psychiatrist for the National Institute of Mental Health, will be the new director of the U.S. Holocaust Museum.

A romantic novella written by Margaret Mitchell when she was a teenager was sold to Scribner, the successor to Macmillan, which published her only novel, "Gone With the Wind." "Lost Laymen" was written in 1916 in pencil in a pair of blue-ink



Self-portrait by Michael Jackson.

composition books. The price was not revealed, but a publishing executive said the minimum bid was to have been \$1 million. Macmillan gave Mitchell a \$300 advance in 1935 for "Gone With the Wind."

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